HISTORY OF THE

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HISTORY OF THE SIS DIVISION

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TABLE OF CONTENTS

	Page
I. HISTORICAL SUMMARY AND CRITIQUE	1
A. ORIGIN AND BACKGROUND	1
B. EARLY ORGANIZATION AND TECHNIQUES EMPLYED	2
C. LATER ORGANIZATION AND IMPROVEMENT OF TECHNIQUES	11
D. PEAK PERIOD OF OPERATIONS IN LATIN AMERICA	22
E. FBI SIS WORK AND COVERAGE IN FOREIGN COUNTRIES OTHER THAN LATIN AMERICA	29
F. SIS FINANCES	33
G. JURISDICTIONAL DIFFICULTIES AND LACK OF COOPERATION	35
H. CRITIQUE	41
II. ORIGIN AND SCOPE OF SIS	46
A. ESTABLISHMENT	46
B. PRESIDENTAL DIRECTIVE	47
C. COOPERATIVE FUNCTIONS WITH OTHER GOVERNMENTAL AGENCIES	48
D. DELIMITATION AGREEMENT	49
E. JURISDICTIONAL DIFFICULTIES	51
F. LACK OF COOPERATION	71
G. POST-WAR PLANS FOR FOREIGN INTELLIGENCE COVERAGE	76
1. Budget Bureau Plan	77
2. Plan Proposed by General William Donovan	78
3. Plan Proposed by Joint Intelligence Committee of Joint Chiefs of Staff	79
4. The FBI Plan	80

[redacted] (S) 81

1. Presidential Directive b1 81

2. Determination of Responsibility for Foreign Intelligence 84

[redacted] (S)

Responsibility in the Western Hemisphere 85

III. ADMINISTRATIVE DEVELOPMENTS 96

A. SELECTION AND TRAINING OF PERSONNEL 96

1. Selection of Personnel 96

2. Early SIS Lectures 96

3. Spanish and Portugese Schooling 98

4. Post-Spanish Training and Supervision 99

5. Later SIS Lectures, 1944

6. SIS In-Service School

7. Quarterly SIS Conference

8. Asiatic and European Schools

9. Inspection Procedures

B. FINANCES

1. Handling of Funds

2. Finance of Individual Employee

3. Fiscal Year Appropriations and Expenditures

C. PARTICIPATION OF AMERICAN COMPANIES WITH SIS

1. The Cover Company Plan

2. The Companies Used as Covers

D. COMMUNICATIONS

1. Mail-Drops and Double-Talk Letters

2. Secret Inks and Codes

3. Diplomatic Pouches and Couriers

4. Cable Service

5. FBI Radio Network 136

E. DEVELOPMENT OF COVERAGE

1. 1940

2. 1941

3. 1942

4. 1943

5. 1944

6. 1945 167

7. 1946 170

8. 1947 170

9. Development of the Legal Attache System 173

10. Operation Outside the Western Hemisphere 174

F. ORGANIZATIONAL DEVELOPMENT AT THE SEAT OF GOVERNMENT 178

IV. GENERAL OPERATIONS 180

A. PLANT SURVEY PROGRAM 180

1. Background 180

2. Surveys Made 181

3. Surveys of Diplomatic Facilities 184

PREFACE

The major objectives in preparing the history of the SIS Division are:

To provide a complete, useable handbook concerning our entire operations in the SIS field which could be used as a guide book in setting up a new SIS operation in the event it became necessary.

To provide readily available data which could be used to outline our operations or to present our accomplishments if needed for Congressional testimony or for any other similar hearing.

To outline in general the material contained in our files and to indicate its location in order that completely detailed data will be available on any phase of our SIS operation in the event such data becomes necessary for any reason.

The history which follows is divided into five volumes which are described below:

Volume I contains a chronological record of the administrative development of the Bureau's SIS program including the Presidential Directives establishing the program, the development of coverage, the handling of finances, and the use of cover companies in the program as well as other administrative details.

Volumes II and III contain the history of the Bureau's major accomplishments in each individual country as well as a list of all personnel that operated in the individual countries. A bibliography is included for each country. A master list of SIS personnel is also included.

Volumes IV and V, which constitute an addendum to the history, contain copies of the SIS annual operations reports which in themselves are a history of SIS operations.

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Localities of SIS Coverage in Mexico, Central America and the Caribbean Area



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Localities of SIS Coverage in South America

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B. POLICE LIAISON AND TRAINING OF LAW ENFORCEMENT OFFICIALS IN LATIN AMERICA

1. Visits to the Bureau by Latin American Officials

2. Police Liaison Agents Training School

3. Police Liaison by Countries

4. Proposed Police Conference, Buenos Aires, Argentina, May 27, 1942

5. Proposed Pan American Police Conference 1943 212

6. Pan American Congress of Criminology, Santiago, Chile, May 1944

7. Second National Mexican Police Congress Guadalajara, Mexico, October 1-3, 1945

8. LACP Convention, Miami Beach, Florida, December 10-12, 1945

9. International Criminal Police Commission

C. COVERAGE OF PAN AMERICAN CONFERENCES 221

1. Fourth Inter-American Conference of Foreign Ministers, Mexico City, Mexico, February 25th to March 9, 1945

2. United Nations Conference on International Organization, San Francisco, California, April 25th to June 26th, 1945

3. Foreign Minister's Conference, London, England, 1945 223

4. Foreign Minister's Conference, Moscow, Russia, 1947

D. MONOGRAPHS

E. COMPLETE SIS STATISTICS

V. OPERATIONS IN EACH COUNTRY

A. ARGENTINA

1. SIS Facilities and Objectives

2. Major Accomplishments 229

a. German Activities 229

(1) Buenos Aires Branch of LIR Group 229

(2) HDZ Case 230

(3) EFE Courier System 234

(4) "GRAF SPEE" Personnel

(5) Axis Agents Removed from Key Positions in American Firms

(6) The "Stay-Behind" Groups 240

b. Japanese Activities 244

(1) Tomiya Koseki and Shozo Murai Directed Espionage Activities 244

(2) Henri Catherin Gravet 247

(3) Japsa Network 248

c. Italian Activities 250

d. The Communist Movement 254

(1) Local Communist Activities 254

(2) Soviet Diplomatic Activities 256

e. Uses Made of SIS Information 257

(1) Blacklist and Economic Data 257

(2) Efforts to Force Action Against Axis Agents by Argentina

f. Activities Arising from Argentine Political Situation

3. Personnel

4. Bibliography 268

a. Investigative Files 268

b. Administrative Files

c. Monographs

B. AUSTRIA 274

1. SIS Facilities and Objectives

2. Major Accomplishments

3. Personnel

4. Bibliography

a. Investigative Files 275

b. Administrative Files

C. BERMUDA 276

1. SIS Facilities and Objectives 276

2. Major Accomplishments 276

3. Personnel 277

4. Bibliography 277

a. Investigative Files 277

b. Administrative Files 277

D. BOLIVIA

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Axis Agents

b. Smuggling Activities

c. Plant Surveys

d. Kidnapping of Mauricio Hochschild

e. Political and Revolutionary Activities 281

(1) Major Elias Belmonte 281

(2) Political Upheavels

3. Personnel

4. Bibliography 284

a. Investigative Files

b. Administrative Files

c. Monographs 286

E. BRAZIL

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities 287

(1) CKL Radio Ring

(2) CIT Radio Ring

(3) LIR Radio Ring

(4) LFS Radio Ring 296

(5) HTT Radio Ring

(6) JOH Radio Group

(7) Werner Christoph Waltemath

(8) Ferando Manoel de Almeida e Motta Marques

(9) The Apfel Sabotage Group

(10) Black Listed Firms

b. The Communist Movement

(1) Local Communist Activities

(2) Soviet Activities 307

c. Domestic Political Matters

d. Cooperation with Local American Law Enforcement Officers

e. Procurement of Technical Data

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

c. Monographs 320

F. CANADA 321

1. SIS Facilities and Objectives 321

2. Major Accomplishments 321

3. Personnel 322

4. Bibliography

a. Investigative Files 322

b. Administrative Files 322

G. CHILE

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

(1) PYL Radio Ring

(2) The Apfel Sabotage Case

(3) PQZ Case

(4) NOI Radio Station 334

(5) Guillermo Hellemann (Crewe)

(6) Heinz August Luning Case

(7) Chilean Internment Program 337

b. Japanese Activities 338

c. The Communist Movement 339

(1) Local Communist Activities 339

(2) Soviet Diplomatic Activities 341

d. Cooperation of Other Branches of the Embassy 341

3. Personnel 342

4. Bibliography 344

a. Investigative Files 344

b. Administrative Files 347

c. Monographs

H. COLOMBIA

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

(1) Heriberto Schwartau Eskildsen

(2) Max Vogel 351

(3) The Hermann Heinrich Rullhusen Bischoff Case 351

(4) Ludolf Oscar Max Poensgen (Koch)

(5) Internment Program

b. Spanish Falange Activities

c. Communist Activities

d. Platinum Smuggling

e. Colombian Political Situation

3. Personnel

4. Bibliography

a. Investigative Files 359

b. Administrative Files 362

c. Monographs 362

I. COSTA RICA 364

1. SIS Facilities and Objectives 364

2. Major Accomplishments 364

a. Early Coverage 364

b. German Activities

c. Communist Activities

d. Spanish Falange Activities 368

e. Political Affairs

f. Miscellaneous

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

c. Monographs

J. CUBA

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

(1) Control of German Nationals

(2) Alcase - Alejandro Urzaiz Gusman

(3) Heinz August Luning Espionage Case 378

b. Japanese Activities 379

c. Spanish Activities 382

d. Communist Movement 383

(1) Local Communist Activities 383

(2) Soviet Diplomatic Activities 387

e. Joint Cuban-American Internment Program 388

f. Travel Control Program

g. Cuban Political Matters

h. Criminal Investigations 392

i. Relations with the Cuban Police

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

c. Monographs

K. CURACAO, NETHERLANDS WEST INDIES

1. SIS Facilities and Objectives 399

2. Major Accomplishments 399

3. Personnel 399

4. Bibliography 399

L. DOMINICAN REPUBLIC 400

1. SIS Facilities and Objectives 400

2. Major Accomplishments 400

a. Internal Political Trends 400

b. German Activities 401

c. Communist Activities 401

d. Spanish Falange 403

3. Personnel 404

4. Bibliography 405

a. Investigative Files 405

b. Administrative Files

c. Monographs

M. ECUADOR

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

b. Italian Activities

c. Japanese Activities

d. Communist Activities 413

e. Local Political Activities 415

3. Personnel

4. Bibliography 417

a. Investigative Files 417

b. Administrative Files 420

c. Monographs 420

N. EL SALVADOR 421

1. SIS Facilities and Objectives 421

2. Major Accomplishments 422

a. Axis Activities 422

b. Spanish Falange Activities 423

c. Local Political Coverage 423

d. Communist Activities 423

3. Personnel 424

4. Bibliography

a. Principal Investigative Files

b. Administrative Files

c. Monographs

O. ENGLAND

1. SIS Facilities and Objectives 428

2. Major Accomplishments

a. Bureau Source No. 1

b. Cocase

c. War Room Liaison

d. French Intelligence Service 430

e. Stancib

f. Post-War Liaison

3. Personnel 431

4. Bibliography 431

a. Investigative Files 431

b. Administrative Files 431

P. FRANCE 432

1. SIS Facilities and Objectives 432

2. Major Accomplishments 432

a. Dawson Case 432

b. Liaison Office Established at U. S. Embassy 432

3. Personnel 433

4. Bibliography

a. Investigative Files

b. Administrative Files

Q. GERMANY

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Interrogation of Nazi "Bigwigs" and Intelligence Chiefs 434

b. Arrest of Hans Karl Albrecht Blum

c. Captured Documents

d. Requests from United States Army for Information

e. German Espionage Activities in the American Embassy, Berlin

f. Russian Matters

3. Personnel

4. Bibliography 438

R. GUATEMALA 440

1. SIS Facilities and Objectives 440

2. Major Accomplishments 440

a. Internment Program 440

b. Espionage Investigations 443

(1) Manuel Enrique Panella de Silva 443

(2) Jose Gregorio Diaz 444

(3) William Otto Luces

(4) Zeto John George Michel Guadagni 445

c. Communist Activities

d. Political Coverage

e. Criminal Cases 447

(1) Josef John Donat, Selective Service Fugitive

(2) Robbery of U. S. Mail Between U. S. and Guatemala 448

3. Personnel

4. Bibliography

a. Investigative Files 449

b. Administrative Files 451

c. Monographs 451

S. HAITI 452

1. SIS Facilities and Objectives 452

2. Major Accomplishments 452

a. Internment Program 452

b. Political Coverage 452

c. Communist Activities 453

3. Personnel 454

4. Bibliography 454

a. Investigative Files 454

b. Administrative Files 456

c. Monographs 457

T. HONDURAS

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Internment Program

b. Communism

c. Coverage of Political Activity 459

d. Alleged Misconduct of Embassy Secretary

3. Personnel 460

4. Bibliography

a. Investigative Files 461

b. Administrative Files

c. Monographs 463

U. ITALY

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Brackx Espionage Case

b. Pound Treason Case

c. Informant Coverage and Investigation of Local Matters

3. Personnel

4. Bibliography 465

V. JAMAICA, BRITISH WEST INDIES 466

1. SIS Facilities and Objectives 466

2. Major Accomplishments 466

a. Censorship Liaison

b. Benjamin Katz

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

W. JAPAN 468

1. SIS Facilities and Objectives

2. Major Accomplishments 468

a. Tokyo Rose Treason Case 468

b. Mark Lewis Streeter 466

c. Sunset Espionage Case

d. Political Affairs

e. Communist Activities

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

X. MEXICO

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

(1) Elsie Shriber Case 474

(2) Apprehension of Gerhard Wilhelm Kunze 475

(3) Ernst Oscar Hopf

(4) The Mexican Microdot Case or "Clog Case"

b. Black List Cases

c. Anti-United States Propaganda

(1) The "Association for the Protection of United States Citizens in Mexico"

(2) Gerardo Murillo aka Dr. Atl

d. Communist Movement 484

(1) Mexican Communist Party 484

(2) Vicente Lombardo Toledano

(3) The German Communists and the So-called "Free" European Movements 487

(4) Spanish Communist Activities

(5) The "Alto Case" and the Communist Underground 491

(6) Soviet Diplomatic Activities

e. Security Measures Taken in Mexico Based upon Information Supplied by the Bureau

f. Criminal Matters

(1) Mexican Fugitive Located

(2) "Little Angelo" Scerria

(3) Charles Angelo Colombo, Jr.

(4) Merrill Albert Coffey

(5) George Richard Heiden

3. Personnel 503

4. Bibliography 506

a. Investigative Files 506

b. Administrative Files

c. Monographs

Y. NICARAGUA 512

1. SIS Facilities and Objectives 512

2. Major Accomplishments

a. Control of Axis Nationals

(1) Investigations of Axis Nationals

(2) Control Measures Adopted with SIS Aid 513

b. Communist Activities 514

c. Political Matters

3. Personnel 515

4. Bibliography

a. Investigative Files

b. Administrative Files

Z. PANAMA

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Burglary Investigation for the Army

b. Survey of German Legation Archives

c. Local Political Affairs 520

3. Personnel

4. Bibliography

a. Investigative Files 521

b. Administrative Files 523

AA. PARAGUAY

1. SIS Facilities and Objectives

2. Major Accomplishments 524

a. Relations with Paraguayan Government Officials 524

b. German Activities

(1) Control of the Banco Germanico de la America del Sud

(2) German Social Aid Association or Asociacion Alemana de Ayuda Social

(3) Germanic Union of Paraguay or the Union Germanico del Paraguay

(4) Walter Streich

(5) Fraudulent Paraguayan Identification Documents

(6) Pablo Stagni

c. Japanese Activities

d. Smuggling and Economic Matters

e. Communist Movement

f. Political Affairs

3. Personnel 534

4. Bibliography

a. Investigative Files

b. Administrative Files 536

c. Monographs

BB. PERU

1. SIS Facilities and Objectives

2. Major Accomplishments

a. Internment Program

b. German Activities

c. Japanese Activities

d. Spanish Activities

e. Communist Activities

f. Peruvian Political Activities

g. FBI Intelligence Schools for Peruvian Army

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files 557

c. Monographs 557

CC. PHILIPPINE ISLANDS

1. SIS Facilities and Objectives 558

2. Major Accomplishments 558

3. Personnel 559

4. Bibliography

a. Administrative Files 559

DD. PORTUGAL

1. SIS Facilities and Objectives

2. Major Accomplishments 561

a. Investigation for the United States Embassy

b. Japanese Espionage

c. German Espionage 561

(1) Inspection of Microdot Equipment 561

(2) Information Obtained after Cessation of Hostilities 562

3. Personnel 563

4. Bibliography 563

a. Investigative Files 563

b. Administrative Files 563

EE. SPAIN 564

1. SIS Facilities and Objectives 564

2. Major Accomplishments 564

a. Double Agents 564

(1) [redacted] Known under the Code Name [redacted] in the "Spanip Case" 564

(2) [redacted] Known as [redacted] in the [redacted] 565

b. German Activities 565

b7C
b7D

c. Communist Activities 566

3. Personnel

4. Bibliography

a. Investigative Files

b. Administrative Files

FF. TRINIDAD, BRITISH WEST INDIES 568

1. SIS Facilities and Objectives

2. Major Accomplishments

a. General Coverage

b. Interrogations

3. Personnel

4. Bibliography

GG. URUGUAY

1. SIS Facilities and Objectives 572

2. Major Accomplishments

a. German Activities

(1) The Fuhrmann Plan for Nazi Conquest of Uruguay

(2) Paul Kaas - German Espionage

(3) Juan Alberto Bove Trabal - German Espionage and Propaganda

(4) Fritz Arthur Berthold Rabe - German Espionage 577

(5) SIS Assistance with Double Agent in "Rucase" 578

(6) Black List Investigations 578

b. Anti-United States Propaganda

c. The Communist Movement

(1) Local Communist Activities

(2) Soviet Diplomatic Activities

3. Personnel 581

4. Bibliography

a. Investigative Files 585

b. Administrative Files

c. Monographs

HH. VENEZUELA

1. SIS Facilities and Objectives

2. Major Accomplishments

a. German Activities

(1) "Apfel" Sabotage Organization 588

(2) Quimica Bayer-Weskott Drug Confiscation 590

(3) Attempted Purchase of Venezuelan Oil 591

(4) Black List Firms 591

b. Angel Arpon - Diamond Smuggling 592

c. Plant Surveys of Oil Companies 593

d. The Communist Movement 594

(1) Local Communist Activities 594

(2) Soviet Diplomatic Activities 595

e. Political Affairs and Revolutionary Movements 597

f. Informant Coverage

(1) Oil Company Contacts

(2) The Basque Organization

(3) Communist Coverage

3. Personnel

4. Bibliography 601

a. Investigative Files 601

b. Administrative Files

c. Monographs

VI. COMMENTS OF OTHER GOVERNMENTAL AGENCIES AND OTHER OUTSIDE SOURCES

A. REMARKS REGARDING SIS OPERATIONS AND PERSONNEL

1. State Department Officials

a. Argentina

b. Bolivia 608

c. Brazil 608

d. Chile 610

e. Columbia 611

f. Cuba 613

g. Dominican Republic 614

h. Ecuador 614

i. Guatemala 615

j. Mexico 615

k. Nicaragua 616

l. Panama 616

m. Paraguay

n. Peru

o. Venezuela

p. Great Britain

q. Italy

r. Polish Government in Exile 619

s. Portugal

2. Army

3. Navy

4. Coordinator of Inter-American Affairs

5. Board of Economic Warfare

6. Foreign Economic Administration

7. Department of Commerce

8. Commissioner of Narcotics

9. Justice Department

10. American Businessmen Doing Business Abroad

11. Foreign Agencies and Individuals

B. MONOGRAPHS AND SPECIAL MEMOS

C. PLANT SURVEYS

D. REMARKS REGARDING DISCONTINUANCE SIS PROGRAM

1. Curtailment in 1945 for Lack of Funds

2. Comments Regarding Discontinuance and Final Termination of SIS Program 650

VII. MASTER LIST OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ASSIGNED TO SIS 668

VIII. GENERAL BIBLIOGRAPHY 702

A. FILE SYSTEM USED FOR SIS 702

B. GENERAL SIS FILES

INDEX

I. HISTORICAL SUMMARY AND CRITIQUE

A. ORIGIN AND BACKGROUND

Early in May, 1940, conversations took place between the Director of the Federal Bureau of Investigation and Assistant Secretary of State A. A. Berle with regard to the desirability of setting up a Special Intelligence Service under the auspices of the FBI to gather secret intelligence in connection with subversive activities throughout the Western Hemisphere, excluding Panama. These conversations resulted in further conferences and discussions between the Director of the FBI, Mr. Berle, and the respective heads of ONI and G-2. Following agreement among these officials with regard to the establishment of such a Service, its scope, jurisdiction, and activities, Mr. Berle undertook to obtain from the President of the United States a specific directive authorizing a Special Intelligence Service to operate in the Western Hemisphere to be established and operated by the Director of the Federal Bureau of Investigation. Mr. Berle succeeded in securing such a Presidential Directive and this was set forth in a memorandum signed by Mr. Berle, dated June 24, 1940, addressed to General Sherman Miles, Assistant Chief of Staff in charge of G-2, Admiral Walter S. Anderson, Director of ONI, and Mr. John Edgar Hoover, Director of the FBI.

The memorandum recorded that Mr. Berle had talked personally with the President in the presence of General Miles and had on this occasion requested specific advice as to the President's wishes concerning the formation of a unit for foreign intelligence work. The memorandum stated, "The President said that he wished the field to be divided. The FBI should be responsible for foreign intelligence work in the Western Hemisphere on the request of the State Department. The existing Military Intelligence and Naval Intelligence Branches should cover the rest of the world, as and when necessity arises." The memorandum continued that, "It was understood that the proposed additional foreign intelligence work should not supersede any existing work now being done and that the FBI might be called in by the State Department on special assignments outside the American Hemisphere under special circumstances....."

Based upon the above Presidential Directive and a specific request from the State Department (with full agreement on the part of the Military Intelligence Division of the War Department and the Office of Naval Intelligence), the Director instructed in June of 1940 that a Special Intelligence Service be established within the FBI for secret operations in the intelligence field in Latin America. The late Assistant Director P. E. Foxworth was appointed by the Director to be in charge of

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the Special Intelligence Service and its work. It was agreed among the officials of the interested agencies and departments of the Government that the FBI's Special Intelligence Service would operate throughout Latin America (with the exception of Panama which would remain under exclusive Army jurisdiction) for the purpose of obtaining all types of information including economic, industrial, financial and political that might be of interest to the various departments and agencies of the Federal Government. It was also agreed, however, that this Service would emphasize in its operations abroad the obtaining of data relating to the activities, identities, and the operations of individuals and corporations throughout the Western Hemisphere who were acting in a manner detrimental to the best interests of the United States in connection with the war then being waged in Europe or otherwise.

Under appropriate instructions from the Director, Mr. Foxworth proceeded immediately to establish an appropriate supervisory staff at the Seat of Government in Washington and the Special Intelligence Service, which will be hereinafter referred to as SIS immediately began recruiting and dispatching to foreign countries in Latin America FBI Agents for the purpose of carrying out the above-described mandate.

B. EARLY ORGANIZATION AND TECHNIQUES EMPLOYED

Immediately following the formation of SIS at the Seat of Government, the Director designated Special Agent J. E. Lawler, who was at that time Special Agent in Charge of the Richmond Field Division, as Number One Man under Mr. Foxworth. It was contemplated in the beginning that most of the assignments would be undercover and that FBI Agents proceeding to South America for investigative purposes would be able to utilize the pretext of representing some American commercial firm. It should be noted that no arrangements were perfected with the State Department or otherwise for the assignment of FBI Agents in American Embassies and Consulates abroad, it being contemplated that the entire arrangement could best be handled on the basis of undercover Agents being sent from Washington with suitable pretext, all of whom would report directly back to Washington the information obtained by them.

For the purpose of facilitating this type of operation, the Bureau established during August of 1940 offices at Room 4332, RCA Building, 30 Rockefeller Plaza, New York City, under the fictitious name "Importers and Exporters Service Company." The address was later moved to Room 3144, 30 Rockefeller Plaza, New York City. This fictitious firm was ostensibly engaging in the business of securing information for clients (also fictitious) as to the possibilities of foreign trade

in Latin America either with regard to the importation or exportation of products to and from the United States. Through these arrangements, Agents were assigned for clandestine work in Latin America. The first Agents sent into Cuba were utilizing the cover of [redacted] partially owned and controlled by [redacted] of New York City, whose cooperation had been secured.

It was determined early that the fictitious firm, described above, would not serve effectively as a cover or pretext for actual operations in Latin America inasmuch as the company not actually being engaged in any legitimate business could not be expected to maintain the deception for any appreciable length of time should Agents traveling in Latin America actually begin contacting Latin American business interests under the pretext of their cover. The fictitious firm was continued solely as a cover or front for the New York Office in the RCA Building until June of 1941, at which time it was discontinued due to the fact that experience had shown the firm ruse to be more of a nuisance and detriment than an advantage. This was particularly true with regard to the embarrassment caused by a constant stream of salesmen, business investigators of various types, advertising solicitors, etc.

Following discontinuance of the use of the fictitious firm name, the Bureau continued to operate the office in the RCA Building in New York without any cover or front whatsoever for the purpose of handling all necessary arrangements in connection with assigning and maintaining appropriate covers to various undercover FBI Agents. It was determined that the office could be maintained much more efficiently and effectively without any spurious firm name on the door and without offering to anyone any explanation as to the identity, etc., of the occupants. The office was finally discontinued altogether in November, 1945, as an economy move in view of the then extreme uncertainty as to the Bureau's future in foreign intelligence work. Such remaining work as was necessary in connection with the operations of this office was handled directly from within the regular New York Field Division in the United States Court House, Foley Square, New York.

During the major portion of the time that the New York SIS Office in the RCA Building in New York was functioning under the spurious firm name of the "Importers and Exporters Service Company," no Agent was specifically assigned to the maintenance of this particular office although it was frequently visited by Agents and Officials of the Bureau from Washington. A clerical employee was, of course, on constant duty. For a short period in late 1940 and early 1941, Special Agent in Charge E. A. Soucy maintained more or less direct control of the New York SIS Office, he being succeeded during 1941 by former Special Agent [redacted], who continued in charge of this office until November, 1942, when the latter was succeeded by former Special Agent [redacted] b7C

Doyle continued in this capacity until his resignation in July, 1945. The office remained under the supervision, from that time until it closed, of Special Agent [redacted], who had for a number of years assisted former Special Agent [redacted] in the operation of the office and the handling of its cover arrangement work.

In September, 1940, the original group of Agents was dispatched to Latin America. Special Employee (later Special Agent) [redacted] was sent to Peru; Special Agent [redacted] to Uruguay; Special Agent [redacted] to Brazil; Special Agent [redacted] to Argentina; and Special Agent [redacted] to Venezuela. Special Agent [redacted] was already in Cuba at this time. Special Agent [redacted], of course, had been operating in Mexico for some time. This represented the first extensive coverage in Latin America.

Also in September, 1940, arrangements were perfected whereby the late Assistant Director P. E. Foxworth traveled throughout Latin America ostensibly as a member of an Economic Commission engaged in conducting a survey of Latin American conditions for the Coordinator of Commercial and Cultural Relations of Latin America, Mr. Nelson H. Rockefeller. During this trip, he contacted such representatives of SIS who had already been dispatched to Latin America for the purpose of consulting with them and facilitating their operations. He was enabled upon his return to furnish considerable reports as to conditions, etc. valuable from an intelligence point of view. He was also, of course, enabled to advise the Bureau with regard to certain changes and new procedures that proved advantageous in connection with future SIS operations in the Western Hemisphere. During his absence from Washington, Special Agent J. E. Lawler, his Number One Man, acted in charge of SIS until October of 1940, at which time Mr. Lawler was succeeded by former Special Agent in Charge Spencer J. Drayton, who continued in this capacity until Mr. Foxworth's return in February, 1941.

There were as of January 1, 1941, fourteen Bureau employees either stationed or traveling in Latin America on intelligence work in addition to Mr. Foxworth. The latter included former Special Agent in Charge [redacted], who had been spending the major portion of his time in Mexico since September, 1939, but who was formally assigned to Mexico City in September, 1940, with permission to use the facilities of the United States Embassy there, although he was not formally attached to the Embassy, with specific title, etc. until later. The above also included former Special Agent [redacted] who had been prior to the advent of SIS engaged in police training activities in Brazil and Bogota, Colombia, as an open, accredited representative of the Bureau. He was at the time of the formation of SIS engaged in conducting certain training in counter-intelligence activities for the Colombian Army and police organizations in Bogota, Colombia, and was in connection with his assignment submitting certain intelligence reports concerning conditions, etc. in Colombia.

In the beginning, Agents selected for these Latin American assignments were brought into Washington from the domestic field and furnished

brief training consisting of being as thoroughly briefed as was practicable with regard to the country to which they were being assigned and the work and information expected from them. Certain material was obtained for briefing purposes from the files of the Army, Navy, State Department and the Treasury Department. The Agents were also required to study available literature, etc. concerning the country to which they were proceeding. It was not as a rule possible to brief the Agents with regard to subversive activities and conditions of this kind for the reason that such information was not available in the United States. It should be remembered in passing that there had arisen in the United States considerable apprehension with regard to the extent of Nazi penetration and Nazi activities throughout Latin America. (This was true to a lesser extent with regard to Italian Fascist, Spanish Falangist, and Communist activities.) Much publicity had occurred, practically all of which was couched in alarmist phraseology without any specific or accurate information. The Bureau discovered upon undertaking the program that there was a complete absence of any accurate data or details concerning the true extent or nature of subversive activities, current or potential, in Latin America. It was, of course, true that the Bureau itself had accumulated certain specific leads and data requiring investigation from its handling of intelligence work in the United States. This was true with regard to espionage leads growing out of the Ducase and leads arising from prior FBI investigation of Nazi and Falangist activities in the United States. The Agents were thoroughly briefed, of course, concerning these matters insofar as information was available.

In addition to the above-described briefing, insofar as was practicable Agents undertaking these foreign assignments were from the outset trained with the cooperation of the FBI Technical Laboratory in the use of secret inks and codes. Originally the Special Agents were furnished with a so-called X code designed for use in sending cablegrams and for transmittal of messages through the mail if necessary. The Agents quickly determined that the use of this code in cablegrams was not possible because the Latin American countries had laws requiring the registration of codes used over their communications facilities. There was then developed the so-called XY code designed to permit very brief messages to be concealed within the context of normal length cryptic letters.

In the beginning, of course, efforts were made to secure the services of Special Agents who had some knowledge of the language of the country to which they were assigned; however, this not always being possible, some early language training was afforded the Agents by permitting them to study at commercial language schools (usually Berlitz) while undergoing training with their respective cover companies. In the beginning, Agents sent out undercover were furnished very little training as to their covers, this being due to the fact that the cover

companies themselves were not inclined to undertake at this time long and sometimes expensive training programs for the individual Agents being assigned under the particular cover involved.

A post office box located in New York City was assigned to each Agent as the address to which he would correspond by mail and furnish the intelligence information obtained by him. It should be noted, of course, that the United States was not at this time involved in war and some latitude was permitted with regard to the use of "double talk" and cryptic letters of the kind designed to convey a special meaning in the way of information despite the fact that no specific code was used. Some difficulty was experienced with these letters despite the fact that the United States and the various Latin American countries involved had no censorship regulations at the time, the difficulty being caused by the British, who were at war and who were maintaining a very close and active watch with regard to world-wide mail and other communications channels. In the event the British did obtain access to the contents of such a letter while same was transiting Trinidad or some other British controlled point, they would upon occasion become suspicious of the writer and undertake to determine the bona fides thereof.

As might be expected due to conditions and circumstances over which the Bureau had absolutely no control, the volume of intelligence information from each Agent was in the beginning and for some time thereafter quite small and of little real value. The Agents were, of course, more or less completely unfamiliar with the countries in which they were trying to operate and usually very deficient with regard to the use of the language thereof. The chance of worthwhile accomplishment in the way of local orientation and the establishment of worthwhile informants and sources of information naturally required considerable time. Meanwhile, of course, the Agent, who was usually alone in the particular country to which he had been assigned, was possessed of a very poor pretext for clandestine operations and the widening of his circle of acquaintances. He was possessed of a very poor, inadequate and extremely slow means of communication. (They were authorized to use cable but only in cases of extreme emergency due to the utter impracticability of a satisfactory code for commercial cable purposes.) The letter communication from the Agent to the Bureau frequently required weeks and even longer in the event the British or some other interested intelligence service delayed the mail for interception purposes. Even when a communication came through it contained only small isolated bits of uncorrelated and uncoordinated information. (The Y code ordinarily required approximately three large pages of close typing in the guise of a normal letter to encipher approximately one line of information). The secret ink was not much more satisfactory inasmuch as the Bureau (including the Technical Laboratory) was in an experimental stage with regard to the use of secret ink and proper reagents. Considerable experience with regard to actual use was required to attain any appreciable degree of improvement and perfection.

The isolated and uncorrelated bits of information sent in by the various undercover representatives was when received at the Seat of Government transcribed into an appropriate letter and disseminated to the State Department, as well as to MID and ONI. These Agencies would ordinarily take no action with regard to such transmissions from the Bureau insofar as can be determined except invariably the State Department and frequently MID and ONI would distribute the information through their safe diplomatic means of communication to their respective representatives safely and comfortably established within the United States Diplomatic Mission in the country to which the information related and from whence it had emanated. The almost invariable result would be a diplomatic dispatch or cable reply from the particular diplomatic office involved denying and denouncing the authenticity of the original information supplied by the undercover Agent.

The Bureau learned through very difficult experience that virtually any information referred to a diplomatic officer of the State Department, the Army or the Navy in practically any foreign country for comment from Washington would invariably result in denunciations of the information, as well as its source, unless the particular diplomatic officer had previously received and reported from sources of his own similar information. The most unfortunate aspect of the matter resulted from the proclivity of these diplomatic officers to immediately attempt by their own investigative means to ascertain the identity of the clandestine source of the material in question. This, of course, resulted in active efforts on the part of the various Embassies in Latin America to uncover Bureau undercover Agents. This became increasingly embarrassing as the volume of material from each country increased inasmuch as the regularly constituted and authenticated diplomatic officers ordinarily considered these clandestine reports as being a reflection upon their own efforts in the intelligence field.

While it would be a serious mistake to attempt to defend the authenticity and accuracy of these early intelligence reports from undercover FBI representatives, (the pioneer Agents could in reality perform little except report rumors, etc. coming to their attention without any possibility of actual verification) the reports were at least as good as the ordinary transmissions from the United States diplomatic mission in the particular country involved, particularly in the specialized field of subversive activities.

From the beginning it was obvious there was needed much closer liaison and coordination between the FBI representatives serving

abroad and the regular diplomatic missions assigned in the same countries. It was, however, impossible to effect this procedure until much later due to the extreme reluctance of the State Department and its Ambassadors abroad to have FBI Agents stationed in the respective Embassies and Consulates under diplomatic cover. It was obviously impossible to have FBI undercover operatives themselves maintain personal contact and liaison with the various Embassies and diplomatic missions abroad. This apparent need was brought to the attention of the Bureau by Mr. Foxworth upon his return from the above-described survey in Latin America.

On April 17, 1941, the Bureau attempted through a conference with Mr. Berle of the State Department to arrange the assignment of a limited number of Bureau SIS representatives under diplomatic cover in the United States Embassies and Consulates abroad. Mr. Berle advised frankly that he realized the need for this procedure and would attempt to arrange same. He was, however, frank in stating that he anticipated considerable objection and opposition from other quarters within the State Department, particularly the Foreign Service both in Washington and abroad.

Shortly following the return of Mr. Foxworth from the above-mentioned survey, he was assigned to be in charge of the National Defense Division (later renamed the Security Division), and SIS, as a part of this Division, was placed directly under the supervision of former Special Agent in Charge Spencer J. Drayton, who as indicated above had been acting for some months as Mr. Foxworth's Number One Man. Former Special Agent [redacted] was designated as Number One Man to Mr. Drayton. Shortly thereafter Mr. Spruille Braden, the then United States Ambassador to Colombia, took the initiative in requesting from the State Department the assignment of a Bureau Agent to the American Embassy in Bogota for the purpose of handling subversive activities investigations and the coordination of intelligence activities in Colombia during the emergency. This assignment which was effected in April, 1941, was in reality the forerunner of what eventually became the Bureau's "Legal Attache system," consisting of networks of Agents and employees in each country in Latin America operating under a Bureau Agent assigned in each United States Embassy with the title of "Legal Attache." This was a long time in coming, however, and in the beginning no effort was made to establish the Bureau Agent sent to Bogota, Colombia, for service in the Embassy as the administrative officer in charge of Bureau activities in the country of Colombia. He was instructed to render such assistance as might be possible and practicable to the undercover men, particularly in regard to the handling of their correspondence with the Bureau through the pouch.

b

During the spring and summer of 1941, the recruitment of Agents for service in Latin America was expanded considerably and pursuant to State Department approval, the Bureau started working toward a goal of having 250 Agents in Latin America by November of 1942. It should be noted that in addition to Bureau Agents, efforts had been made from the outset to employ special employees for the purpose of carrying on

intelligence work in Latin America. In the latter connection, efforts were, of course, made to employ individuals from other walks of life who had extensive experience in Latin America and knowledge as to the language. A number of such special employees were employed and furnished the necessary instruction and training with regard to the matter of forwarding communications, etc. to the Bureau through an appropriate drop box in New York City. Considerable information of value from an intelligence viewpoint was received from some of these special employees although as a general rule it was discovered that FBI Agents even with their limited knowledge of Latin America and their limited knowledge of the language involved still offered much more promise with regard to eventual success and efficiency in this type of operation than did special employees hired from other walks of life. It should not be overlooked, however, that some of the special employees became exceedingly adept and constituted extremely valuable SIS employees. A number of these remained with the Bureau in the SIS field serving in increasingly efficient capacities until the end of the war.

During the summer of 1941, Mr. Drayton was replaced by former Special Agent in Charge Frank Holloman as Chief of the SIS Division. It had by this time been discovered that the increased tempo with regard to the recruitment of Agents for service in Latin America would require formal language training on a somewhat wholesale basis inasmuch as the number of Bureau Agents in the domestic field with any reasonable degree of knowledge of either Spanish or Portuguese was quite limited. For this reason, a regular language training school was instituted by the Bureau, being taught by Special Agent [redacted] This school was in the very beginning conducted by SIS itself, but was during the fall of 1941 transferred under the jurisdiction of the Training Division in order that SIS training could be carried on on the same basis as other Bureau training. b7C

As of July 1, 1941, 26 Special Agents and Special Employees were assigned by the Bureau in Latin America or already underway to their assignments in Latin American countries. During the summer of 1941, it was also possible to secure the assignment of one FBI Agent under diplomatic cover in the United States Embassy in each of the following cities: Santiago, Chile; Rio de Janeiro, Brazil; and Caracas, Venezuela. During the same period, former Special Agent in Charge [redacted], who had been serving in Mexico in a somewhat informal capacity, was formally attached to the American Embassy under diplomatic cover. The titles used by these representatives stationed in Embassies abroad varied, some of them being known as Legal Attache, others as Civil Attache, and some just Attache. They were, in effect, serving in the same capacity as undercover representatives except that they were enjoying diplomatic cover and were required to assist the undercover Agents wherever practicable, particularly with regard to handling communications to and from the Bureau through the diplomatic pouch. In addition to the above, there was dispatched to Quito, Ecuador, during the summer of 1941, an FBI Agent assigned in the open for the purpose of working with b7C

the Ecuadorean Government and police officials in the field of subversive activities. Also, an Agent was assigned openly to Hamilton, Bermuda, for the purpose of maintaining appropriate liaison with British Intelligence and Security representatives in Bermuda where a large and very important British control point for censorship operations was being carried on at the time.

As might be expected, both the volume and quality of information from Bureau representatives in Latin America had begun to improve markedly. The first Agents sent out in 1940 had by this time begun to become reasonably well oriented and adjusted in Latin America; also, the few scattered Agents assigned in a total of five United States Embassies in Latin America were proving to be of tremendous assistance in connection with the entire SIS program. It will, of course, be realized that the Service was still far from efficient and was in fact still in a strict pioneering and experimental stage at the time of the Pearl Harbor Attack on December 7, 1941. Much of the information being obtained in Latin America, it was later determined, was at that time emanating from "professional informants" who were extremely plentiful and very active in all of the Latin American countries. These "professional informants" were individuals who had discovered through prior dealings with United States Embassy representatives and British representatives that they could earn money by furnishing information of an intelligence nature. Their information was never investigated or checked for accuracy, confirmation, etc. and ordinarily they were shrewd enough to realize quite early in the game that they could increase their earnings and the sale price of their information, the more startling its nature. Bureau Agents working under cover, as well as those working under diplomatic cover in the various Embassies, could not very well avoid coming in contact with these "professional informants." As a matter of fact, this type of individual in practically all of the Latin American countries had become so enthusiastic with regard to the money to be made from this sort of thing that they engaged in seeking out Americans and British on a somewhat wholesale basis always striving to enlist new clients and new customers for their thriving trade.

It required time and experience for Bureau Agents to be able to recognize and deal properly with these "professional informants." The information furnished by these sources was, of course, not always fictitious and, as a matter of fact, the information was frequently based upon considerable truth, although almost always colored and somewhat exaggerated. It was also upon occasion manufactured out of whole cloth and all kinds of forgeries, fraudulent enemy codes, etc. were being foisted off not only on Bureau representatives, but also on United States Military Attaches, United States Naval Attaches, and other allied intelligence representatives in Latin America, including the British, in return for substantial payments of money.

C. LATER ORGANIZATION AND IMPROVEMENT OF TECHNIQUE

Under the stimulus provided by the United States' entry into the war, SIS coverage was speeded up immediately and the Bureau began immediately to strive for a goal of 500 Agents assigned in Latin America at the earliest possible moment. There was, of course, complete agreement from the State Department and other interested Government Departments and Agencies concerning this program. The recruitment of Agents from the Domestic Field was accelerated and the training program at the Seat of Government, under the auspices of the Training and Inspection Division, was stepping up in an effort to train and dispatch to Latin America for assignment all available Agents in the shortest possible period of time.

The New York SIS Office, then operating under the supervision of former Special Agent [redacted], accelerated its work with regard to obtaining covers for Agents and increased training with regard to the use of these covers. b7C

Immediately following Pearl Harbor, that is, on December 11, 1941, the Bureau dispatched seven additional Agents to Mexico for the purpose of covering vital points in that country such as Baja California and other danger points from the standpoint of possible enemy landing or subversive activities.

During the latter part of December, 1941, two Special Agents of the FBI were assigned indefinitely in a constant travel status throughout Latin America to act as special couriers and expediters for the purpose of assisting Bureau representatives generally in the carrying on of intelligence work. These men were frequently referred to as SIS Traveling Inspectors, although they were not in reality inspectors and did not actually perform ordinary inspection duties. When these two representatives were initially assigned to the above-described duties, the Bureau did not have, properly speaking, any establishments whatsoever in Latin America susceptible to an ordinary Bureau inspection. One of the traveling couriers was assigned undercover as a news reporter and the other one was assigned under the cover of a State Department courier.

Arrangements were perfected with the State Department for the use of their cable communications facilities in order that FBI Agents stationed in Embassies abroad could dispatch to the Bureau messages of sufficient length to set out important intelligence data coded in an "X" code developed by the FBI Technical Laboratory for cable use, the cables to be routed to the Bureau Through the State Department's Codes and Communications Section.

Also, the Supervisory Staff of the SIS Division at the Seat of Government was increased and the work with regard to

supervising, coordinating, and disseminating SIS intelligence information to the State and other interested Government Departments was accelerated and improved upon.

At this time, the Bureau's SIS Monograph Project was launched at the Seat of Government, the object being to prepare a monograph on each of the Latin American countries which would contain all of the intelligence data obtained or obtainable by the Bureau, along with necessary background information concerning the country involved to make the monograph valuable not only for briefing purposes, but also as the information available with regard to subversive activities and other intelligence information in each of the Latin American countries.

Efforts were speeded up to obtain State Department assistance and cooperation in connection with the assignment of additional FBI Agents in United States Embassies and Consulates abroad; also efforts to set up and operate an FBI radio network in Latin America were intensified, approval being secured from the State Department and the Colombian Government (through the cooperation and good offices of United States Ambassador Spruille Braden) to establish a radio in the United States Embassy in Bogota, Colombia, for the transmission of intelligence and other information to the Bureau. Subsequently in April, 1942, this radio station was completed and began transmitting on regular schedules to the Bureau's master station located near Washington, D. C.

During April, 1942, former Special Agent in Charge Frank Holloman was succeeded as Chief of the SIS Division by C. H. Carson, who remained in this capacity until the final closing of the SIS Division and the cessation of its work on May 1, 1947.

Following the departure of Special Agent [redacted] previously mentioned, as the Assistant to the Chief of the SIS Division, Special Agent H. M. Clegg was named the Assistant Chief. Upon the departure of Clegg for assignment in Latin America in March, 1945, Special Agent [redacted] was made Assistant Chief and continued in this position until it was decided to terminate SIS operations. b7C

Former Special Agent [redacted] who had during February of 1942 departed on a personal tour of Latin America for the purpose of making brief visits to each country and surveying conditions therein in behalf of the Bureau's program, returned to Washington in April and was immediately assigned to the supervision of operations designed to strengthen and intensify FBI coverage in Latin America, particularly with regard to the use of better covers for the clandestine Agents and better cover training in order to permit them more freedom of action in obtaining intelligence data.

During April of 1942, an FBI Agent was sent by the Bureau to Ottawa, Canada, for the purpose of serving in direct

[redacted] (S) b1

During May of 1942, the Bureau, following appropriate clearance from the State Department, began training and dispatching male stenographers to assist FBI Agents assigned in United States Embassies abroad. FBI Agents were dispatched at the same time to Port of Spain, Trinidad, and Kingston, Jamaica

[redacted] b1

An Agent was also dispatched to Havana, Cuba, at the request (S) of the State Department for the purpose of assisting the Cuban police in connection with intelligence matters. It had been agreed that this Agent would enjoy the cooperation of the United States Embassy in Cuba to the extent of being enabled to utilize the diplomatic pouch for the transmission of correspondence to the Bureau.

During May, 1942, the Bureau finally succeeded in obtaining the necessary clearance for an FBI Agent to be stationed in the United States Embassy in Buenos Aires, Argentina, for the purpose of assisting in intelligence work. Additional radio stations were opened in May and June in Santiago, Chile, Rio de Janeiro, Brazil, and Quito, Ecuador. During July, 1942, we assigned Agents as Vice Consuls to seven Vice Consulates in Chile and shortly thereafter two Agents were assigned as Assistant Consuls in two Argentine cities.

Meanwhile approximately 25 Agents per month were being processed, trained, etc. and dispatched to Latin America in an undercover capacity. This intensification of the recruitment of Agents for service in Latin America, most of whom were still going down in an undercover capacity, necessitated a thorough canvass of the domestic field through the cooperation of the various Special Agents in Charge in quest of appropriate and qualified volunteers for these foreign assignments. While there was never any hard and fast Bureau rule with regard to the use of volunteers only on foreign assignments, efforts were at all times made to utilize volunteers if available. It had been found impracticable and unwise to permit Agents to be accompanied on SIS assignments by wives and families for which reason efforts were made to confine the assignments

insofar as possible and practicable to the ranks of unmarried Agents. During this same period, the Bureau was striving to cope with enormous problems and responsibilities in the Domestic Field Service brought about by the sudden onset of war with such attendant problems as greatly increased work in the field of espionage, sabotage, alien enemy control, etc. Every effort was made, of course, in the recruitment of Agents for Foreign Service to avoid at this extremely critical and crucial period disrupting the Domestic Field and veteran Agents with key assignments in the Domestic Field Service were not ordinarily considered available for SIS assignment and, as a matter of fact, most of them did not even volunteer for such assignment for a number of reasons.

Due to the above and other reasons, the overwhelming majority of Agents recruited for SIS Service during this period were young and somewhat limited in FBI Domestic Field investigative experience. Virtually none of the Agents on these assignments had the benefit of any prior administrative and supervisory experience. Every effort was, of course, being made to dispatch the Agents to the areas in Latin America where their services were most needed. However, it was virtually impossible to determine such facts in Washington at the time; also, inasmuch as the overwhelming majority of the men being sent out were still going under cover, it was to some extent necessary to dispatch the Agents as rapidly as possible to those areas for which covers could be located. The primary need at this time was considered to be the matter of getting the Agents out on assignment, particularly inasmuch as it had been determined that an Agent could not be expected to produce any worthwhile information until after he had served on assignment for a number of months at the very minimum in order to learn local customs, the language, etc.

To illustrate the extremely rapid increase in our coverage during the early months following our entry into the war, it should be noted that as of July 1, 1942, a total of 152 FBI Special Agents and Special Employees, exclusive of all clerical personnel, including radio operators, were assigned abroad on the SIS program.

During this period of such rapid growth, despite an extreme paucity of information as to actual conditions with regard to the amount of necessary work, etc. in each of the various countries which would have permitted more careful and more accurate planning and assignment, it was probably inevitable that mistakes and errors would be made of such a nature as to cause future difficulty.

While the quantity and quality of the intelligence flow from the Bureau coverage in Latin America continued to grow, certain basic difficulties and undesirable factors not only continued with the increase of coverage, but actually became much more acute. This was particularly true with regard to the complete lack of coordination within the SIS field as among the various Agents performing work abroad. Each Agent and employee was more or less working on direct assignment and charter from Washington without anything approaching adequate local supervision, coordination, and assistance. The Agents who had been assigned in the Embassies were doing the best that could be expected, but they could not keep in touch with the constantly increasing number of undercover men to any adequate extent and they, of course, had no authority for local supervision and coordination. The traveling couriers, frequently referred to as traveling inspectors, were extremely limited by the nature of their covers, transportation, etc. in maintaining contact with such a large number of Agents and employees scattered throughout the entire Western Hemisphere. The increased volume of intelligence information sent to Washington from our undercover representatives intensified the hostility of the local Embassies and Diplomatic officers toward these unknown suppliers of information to Washington, such information frequently being either completely unknown and unreported to the regular Diplomatic Missions or in some respects directly contrary to current reports being submitted by such Missions.

These conditions, of course, resulted in increased activity on the part of United States diplomatic officers (State, War and Navy) stationed abroad toward the end of uncovering, exposing, and embarrassing the Bureau's undercover Agents. Unfortunately this was frequently not very difficult to perform inasmuch as the Bureau's undercover representatives were in large measure young, healthy, intelligent, personable Americans of draft age and obvious military potentiality operating under weak and frequently illogical covers in the Latin American countries despite the fact that their country was at war. In the majority of instances, Bureau representatives were somewhat conspicuous due to circumstances over which they had absolutely no control and virtually all of them were at various times suspected.

Some of the undercover people in order to obtain the confidence of pro-Nazi individuals and thus obtain information from within pro-Nazi ranks were engaging in what appeared to local United States State Department, Military officials and Naval officials to be extremely questionable and suspicious activities and associations. Many of the men also became suspected by the British, some legitimately and others apparently solely due to the fact that the British suspected them of being Bureau representatives and desired to expose them by embarrassment and harassment.

The Bureau had become so insistent with regard to the necessity and urgency of FBI Agents being stationed in Embassies and Consulates abroad under diplomatic cover that despite continued reluctance on the part of many diplomatic missions abroad by November of 1942 Bureau representatives were stationed in all United States Embassies throughout Latin America with the exception of Honduras and Panama. In the larger countries, a number of men had been so assigned, some in the Embassies and some in the various Consulates. Through the cooperation of Mr. Berle, clearance was obtained from the State Department for exclusive use of the title "Legal Attache" by FBI representatives in United States Embassies abroad with the sole exception of Mexico and Haiti in which countries the United States Ambassadors objected so strongly to the term "Legal Attache" that the Bureau consented to use in these two countries the term "Civil Attache."

The Bureau in July, 1942, decided after careful deliberation to establish in each United States Embassy throughout Latin America where we had representatives, an Office to have local jurisdiction and administrative supervision of the work for the entire country involved. These Offices were modeled, for all practicable purposes, as closely after FBI Domestic Field Offices as possible. The Legal Attache in each country was designated as being in charge of the Office and was charged with the responsibility for the administrative supervision under the Bureau's direction of all work performed in the particular country involved. Thus, the Legal Attache became in effect an FBI Special Agent in Charge. At the same time, the Bureau instituted the practice of transmitting all instructions, etc. of a general and uniform nature via the medium of "Memoranda to All Legal Attaches", which were numbered and prepared along the general lines of traditional Bureau Bulletins and traditional SAC Letters.

By the end of 1942 the Bureau had succeeded in establishing radio stations in the following foreign localities: Bogota, Colombia; Santiago, Chile; Quito, Ecuador; Rio de Janeiro, Brazil; Havana, Cuba; Lima, Peru; and Montevideo, Uruguay. Also, arrangements were being perfected as rapidly as possible to establish radios in additional countries. The FBI Technical Laboratory had devised for SIS use a special cipher code which was substituted for the old "X" code in all countries wherein we had Offices established having diplomatic immunity.

The Bureau had succeeded by this time in establishing Agents in many of the United States Consulates in South America, particularly in the larger and more important countries. These Agents became, under the above described procedure, virtual Resident Agents and their Offices in the respective Consulates were patterned as closely as possible and practicable after traditional Resident Agency Offices in the United States.

At the same time, there was adopted and approved by the Bureau a uniform system of reporting by the SIS Offices involving the use of a standard and uniform report form especially designed for use by Legal Attaches. This report was fundamentally based very closely upon the traditional FBI Domestic Field report form, although, of course, certain changes had to be incorporated due to the peculiar nature of SIS work such as the fact that practically all information being reported originally emanated from confidential informants and the additional fact that virtually all information reported was transmitted to other Agencies of the United States Government for informative purposes.

Upon the establishment of Legal Attaches Offices in the various Embassies patterned closely after FBI Domestic Field Offices, the Bureau instituted the program of having each Legal Attache carefully corrdinate his work within the United States Embassy. In this regard, the Legal Attache was required to keep the Ambassador informed personally and otherwise with regard to the intelligence data obtained and being reported upon. Coordination was also worked out with the local United States Military and Naval Attaches through a series of weekly conferences and also mutual distribution on a selective basis of reports and information obtained in the intelligence field. The Legal Attaches were instructed to be especially careful in keeping Military and Naval Attaches promptly advised of all information having special military or naval interest. In practically all of the Embassies, the United States Ambassadors, being particularly impressed with the value of the work being performed by the Office of the Legal Attache, in contrast with prior conditions locally, instructed that the Legal Attache would be the Embassy official designated as coordinator of intelligence information within the Embassy. Within a very short period of time, each Legal Attache became firmly established as the responsible American official with regard to clandestine intelligence matters, particularly in the field of subversive activities and matters related thereto.

The enlargement of the SIS Supervisory setup and organization at the Seat of Government had kept pace correspondingly with the increased coverage and organization in the Field. It never did become, however, necessary to build up an unduly top-heavy organization at the Seat of Government from the standpoint of numbers of personnel engaged, etc. The largest number of supervisors assigned to this project at the Seat of Government at any one time was twenty-four supervisors, which number was assigned only for a brief period during the very peak of SIS operations.

SIS files and indices, which had from the outset been established and maintained within the SIS Offices at the Seat of Government, were, during the winter of 1942-1943, transferred

to the regular Bureau Files Division along with the necessary clerical personnel, etc. who had been engaged in working on the project in the SIS Offices.

From the viewpoint of an outside observer, the Bureau's SIS program after the above improvements had become an extremely efficient and capable organization. From a strictly FBI administrative viewpoint, however, it was still far below ordinary Bureau standards and in many respects just entering upon its most acute experimental and development stage. The mere issuance of instructions from Washington to the newly developed Legal Attaches, most of whom were extremely limited in investigative experience, virtually all being without any prior administrative or supervisory experience, did not by any means immediately solve the many problems and difficulties inherent in this type of work. As might be expected many mistakes were made by the newly fledged Legal Attaches due to lack of experience together with the fact that they were in many respects coping with an entire new and unexplored problem. It required time to properly synchronize and adjust the undercover Agent program in each country as an efficient and smoothly working part of each Legal Attache's Office. Problems with regard to the handling of conferences with these undercover men, the supervision of their work, safe means of communication whereby the undercover people could safely furnish their output promptly to the Legal Attache's Office, required time and considerable experimentation.

The Bureau was still attempting by every means possible to accelerate its total coverage throughout Latin America. Agents were being sent out at the rate of approximately twenty-five to thirty Agents per month and it was not possible or practicable for many reasons to coordinate this additional coverage carefully with the Office of the Legal Attache. It must, of course, be kept in mind that during the first few months following the establishment of the Legal Attache system very few of the Legal Attaches had any comprehensive picture themselves of the actual work within their own country. Many of them were quite new to the country at the time of being designated and much of the work was still largely unexplored and surveyed.

Some effort was made to solicit from each Legal Attache estimates as to the number of people needed by them, but these solicitations proved almost completely valueless and the Bureau continued to send undercover people out on more or less the same basis as before.

This state of affairs enormously complicated the problems of the newly designated Legal Attache who was already struggling with many difficulties. The overall result was, of course, that within

a period of months, Agents were definitely overcrowded in some areas in so far as the work to be performed was concerned while other Offices were suffering from a lack of Agents. Every effort was being made to augment the Staff of each Legal Attache by sending Agents into the various countries assigned as Assistant Legal Attaches and assigned in Consulate Offices. There were serious limitations, however, as to the rapidity with which this phase of the program could be carried on due to a variety of reasons, including the necessity for clearance and approval from the State Department, and the particular Embassy involved for each such assignment. It was inevitable that many of these undercover people were not properly supervised, especially during the early days of the Legal Attache system and for a number of months subsequent thereto.

It should be mentioned in passing that early in January, 1943, the Bureau dispatched to Latin America, eighteen Special Agents from the Domestic Field especially qualified on plant survey work for the purpose of surveying throughout the entire hemisphere a total of 104 different companies, installations, ports and organizations with a total of 150 branch facilities, requiring physical survey. These surveys were conducted at the request of the State Department, War Department, Navy Department and the War Production Board. This project was eminently successful from the standpoint of the work accomplished and the results obtained. These eighteen Special Agents however were in all respects completely without prior training in foreign work and had no knowledge whatsoever with regard to the Spanish or Portuguese language. The Legal Attaches and their Staffs (still extremely meager in most countries) were required to furnish every assistance in the plant survey project in order to expedite it to the greatest possible extent. This, of course, resulted in many of the Legal Attaches neglecting vital portions of their normal work, particularly from an administrative viewpoint; that is, the constant supervising and assisting of the various undercover Agents still being sent into the countries as rapidly as possible.

Some Legal Attaches proved completely inadequate to their task and had to be replaced. A very few began to resign and enter the Armed Services. Morale throughout the Field Service in Latin America suffered to some extent especially during the Spring and Summer of 1943, following overwhelming allied victories in North Africa and Sicily. These victories, of course, did to some extent deflate the importance of intelligence work in Latin America or at least the urgency thereof due to the fact that danger from enemy

invasion no longer existed. A much larger percentage of resignations began to occur from the undercover personnel and some of these Agents after short periods of assignment became thoroughly disgusted with local conditions and completely disillusioned when faced with something entirely different from the glamorous picture visioned by them before undertaking the assignment. A relatively small number either resigned or requested a transfer back to the Domestic Field, despite the fact that the Bureau had expended considerable sums of money in training and preparing them for the assignment, not to mention the important time element in training and preparing replacements which could not be expected to produce worthwhile results until they had been on assignment for a number of months. The Agents were, of course, subjected to all kinds of ridicule and embarrassing questions from large number of American Military and Naval personnel stationed throughout Latin America as to why they were not in uniform and were trying to sell soap, magazines or perform some other ostensibly unimportant and non-war connected job.

Due to the above and many other reasons and circumstances, all more or less completely out from under the Bureau's control, a considerable number of resignations and requested transfers from SIS took place during 1943 mostly as indicated above from undercover people. It should be kept in mind, however, that each resignation or request of transfer from SIS attracted especial attention due to the nature of the circumstances involved in order that an incorrect picture will not be presented. As a matter of fact, the percentage of resignations, plus requested transfers, was considerably lower than the actual percentage of resignations during the same period from the Bureau's Domestic Field Service. The fact, however, remains that a considerable number of resignations did occur in the one phase of the Service in which none should have occurred.

Meanwhile, expansion of the SIS Field coverage was continued at the same rate as previously until October 4, 1943, at which time, the Bureau ceased further SIS assignments except wherever special need might arise, such assignments to be personally approved by the Director. At the time of this particular order, the Bureau had a total of 583 employees assigned to SIS work, including a total of 94 employees assigned in various Divisions at the Seat of Government engaged on matters pertaining to SIS and also including a number of employees in New York City assigned more or less exclusively to SIS work and matters pertaining thereto. On this particular date, the Bureau had its largest total coverage consisting of Special Agents on foreign assignment, the total figure being 349. On the same date, the Bureau had assigned abroad 29 radio employees, 10 translators, cryptographers and photographers, 11 special employees and a total of 89 clerical employees, making a grand total of 488 Bureau employees on foreign assignment at the time.

Shortly after this, on October 25, 1943, a letter was received by the Bureau from Mr. Berle of the State Department (the letter was actually prepared by one Daniel Hanley, a subordinate officer in Mr. Berle's Division of the State Department), which, in effect, indicated that the Bureau was duplicating work performed by the State Department and other Departments in connection with the investigation and reporting of political and economical matters. The Bureau replied by pointing out the facts and Mr. Berle admitted error and later withdrew the letter from the record. However, it had become quite apparent to the Bureau itself that a drastic reduction in SIS personnel was advisable inasmuch as the work had reached such a stage that the continued assignment of such a large number of Agents, particularly such a large proportion of undercover Agents, was no longer justified. Accordingly, during October, November and December of 1943, the Bureau recalled from assignment in Latin America Agents and other employees on a somewhat wholesale basis. A total of 136 Agents along with a number of other employees were recalled to the United States for reassignment in the Domestic Field during these months.

The State Department, as well as the various Embassies, became somewhat alarmed at these heavy withdrawals of personnel and began protesting such action. The State Department was joined by the various Ambassadors, etc. in requesting resumption by the Bureau of full-scale political and economic investigations and reporting abroad (this work having been temporarily discontinued as a result of the above described State Department letter). The Bureau complied with the request although withdrawals from Latin America continued steadily in so far as the state of the work indicated that the services of such employees could be spared. This withdrawal program was in fact extremely beneficial and advantageous to the overall efficiency of the SIS program. The Bureau was thus enabled to readjust its field coverage in foreign countries on a practical and sound basis depending entirely upon the actual personnel needs temporarily or permanently in each country and locality. Many of the Consular Offices were closed during this period inasmuch as justification for continuance of same had ceased to exist, and all in all the personnel was completely readjusted, the overwhelming majority of same being thereafter assigned in Embassies and Consulates with diplomatic cover supplemented in certain areas by strategically placed undercover representatives utilizing covers best adapted to the particular assignment on the basis of past experience.

D. PEAK PERIOD OF OPERATIONS IN LATIN AMERICA

Brilliant results had been obtained in the field of investigative accomplishments abroad to such an extent that a clear-cut picture existed by October, 1943, with regard to the amount of pending and necessary work in each office and each area. The very large and extensive German espionage rings in Brazil had been completely eliminated. Espionage activity had been eliminated in Cuba. The large and extensive espionage clandestine radio rings in Chile had been completely investigated and virtually all of the people arrested. The major espionage subjects and rings in Argentina had been definitely identified and were being kept under more or less constant surveillance. The same situation existed in Paraguay, in Uruguay and Colombia. The principal subjects in the extensive Clog Case in Mexico had been identified and were being investigated via surveillances and other methods. The Alien Enemy Control Program whereby many dangerous enemy nationals were apprehended and either interned locally or (in most cases) sent to the United States for internment had been virtually completed in all except a few countries. Extensive and efficient informant networks had been established in each country to such an extent that any type of investigation could be conducted on a sound and efficient basis approaching FBI Domestic Field standards of efficiency.

The police liaison program, during 1943, had been extended to most of the major and important countries throughout Latin America. This program involved sending one or more FBI Agents into certain Latin America countries upon request by these countries through diplomatic channels for the purpose of furnishing instruction and assistance to the police and other Government officials interested in intelligence and criminal work. These so-called police liaison men were assigned openly as representatives of the FBI. They worked, however, in each instance under the jurisdiction of the Legal Attache and proved invaluable in connection with the Bureau's overall intelligence coverage and work. Through the police liaison arrangement it was possible and feasible to obtain almost any type of investigative assistance and information from the police in practically every country in Latin America with the exception of Argentina. (No formal police liaison arrangement existed in Mexico, although the same results were being obtained by means of having placed one of the ranking police officials on our informant pay rolls).

Extensive informant networks provided thorough coverage with regard to Latin American post office establishments; police departments; cable and radio offices; telephone companies and facilities;

steamship lines; air lines; customs offices; government departments generally even including in many places the Presidential Palace, (we had at various times FBI Agents assigned as special advisers to the President in different countries).

In addition to the above, extensive informant coverage had been established among foreign Embassies in each country and also among local professional and business groups, refugee groups, etc. Due to the primary emphasis being placed upon German, Italian, and Japanese activities, especial efforts had been made to infiltrate these groups with informants and in some instances with undercover Agents. A number of double agents had been developed, maintaining direct contact with enemy espionage groups.

The plant survey program throughout Latin America had been completed with excellent results and in a number of countries, containing the more important installations from the standpoint of our strategic war interest, special so-called security liaison men had been assigned in the countries to maintain security liaison with local officials, etc. Agents so assigned also proved of inestimable value in strengthening the overall intelligence coverage and investigative network.

Radio stations had by this time been established in virtually all of the important Latin American countries with the exception of Mexico and Argentina.

Excellent work had been performed and was then being performed with regard to the smuggling of strategic materials by enemy groups endeavoring to smuggle same through the Iberian Peninsula into Germany. The most important work in connection with this enemy smuggling program arose in connection with industrial diamonds from Brazil and Venezuela, and platinum from Colombia and Venezuela. In May, 1944, a special squad of Agents was dispatched to Bogota, Colombia (a key point in connection with the platinum and diamond smuggling activities) at the request of United States Ambassador Arthur Bliss Lane, for the purpose of facilitating in every way the control of this dangerous problem. This special squad of Agents operated under the overall jurisdiction and supervision of the Legal Attache in Bogota, Colombia. It was enabled through working with the local customs officials, nine inspection and tax collecting officials, etc. to identify and eliminate so many of the important smugglers that the backbone of the practice in so far as it might affect strategic war aims was virtually broken within a few months. It should be noted that these Agents in cooperation with the American Embassy advised with local government officials in devising and preparing completely new laws and regulations designed to protect allied war interests in connection with the smuggling of such strategic materials.

In connection with the establishment of a thorough and efficient informant network in each country, it had been necessary to deal with the very troublesome and dangerous "professional informant" problem described earlier. This was handled very effectively following the establishment of the Legal Attache system in November, 1942. The "professional informants", who were causing untold confusion, waste and harassment by the furnishing of inaccurate and frequently fictitious information concerning enemy activities, were identified, completely exposed and eliminated from the scene by the end of 1943. The most successful method of accomplishing this end proved to be as follows: The regular Attache or some other Agent, in some cases undercover representatives, would actually employ the troublesome informant, analyze his reports and check carefully through coordinative means within the Embassy to see if such informant or accomplices were furnishing the same information to other American officials within the Embassy. The accuracy of the information would be checked through actual investigative means frequently by keeping the suspected informant under constant surveillance by special so-called surveillance informants.

By these and other related means, such as telephone and the mail surveillance, bribery of the informant's mistress, etc., it was almost invariably possible to completely expose the spurious nature of the informant's data within a comparatively short period of time. Once exposed, they were appropriately denounced and with regard to the more troublesome ones neutralized with the assistance of the local police or internment authorities. Many of these "professional informants" were refugees of one kind or another.

Certain mistakes were made in various instances with regard to the development and subsequent handling of informants. The most serious error and the only one which tended to cause any serious difficulty, was the failure on the part of certain Bureau Agents, during the height of war-time activity, to properly and adequately insulate informants with cut-out safeguards. [This was particularly true in Argentina where the Agents were working under considerable diffuculty inasmuch as they were themselves being surveilled, harassed and hampered by the Argentine Police and other authorities.]

A number of informants in Argentina learned with considerable accuracy the identity of their principals, these being, of course, Bureau Agents. In most instances when this occurred, the Bureau Agents were operating undercover, however, there were actually some occasions when the informant was permitted to learn the identity of some Embassy or Consular Agent principal. A

number of these informants were eventually arrested by the Argentine Police and tortured into making more or less complete confessions, including information possessed by them as to the true identity of their principals. Luckily there were no instances involving identification of the Federal Bureau of Investigation itself. In only one instance was an FBI Agent actually arrested and in this instance the Agent (assigned undercover) was enabled within a very few days to secure his release with the cooperation of the Embassy and, of course, immediately left Argentina, not being again assigned on SIS. This Agent was to some extent careless and was criticized therefor, however, his detection and apprehension involved excellent police work on the part of the Argentine Police. Once in difficulty, the Agent acted admirably in maintaining his cover, denying his guilt, and completely protecting the Bureau. The Argentine Police were not able to secure enough evidence, whereby he was released. Upon a number of occasions, however, it did become necessary for the Bureau to smuggle undercover Agents out of Argentina by means of a motor launch which was maintained on the Rio Plata in the Argentine Harbor for this and similar purposes. Certain informants were also smuggled out of Argentina in the same manner. The procedure involved placing undercover Agents or informants known or believed to be under suspicion on the part of the Argentine Police in the launch at night and take them thereby to Montevideo, Uruguay, which is located just across the river from Buenos Aires. As a precautionary safeguard, the practice was later adopted in Argentina of immediately smuggling out of the country any undercover Agent who had maintained contact with any informant known or believed to be under suspicion or surveillance on the part of the Argentine Police. The Office had a sufficient number of informants throughout the various police organizations whereby the Legal Attache was kept fully informed as to just which of our informants were suspected and being investigated at any particular time.

There was one minor diffuculty in countries other than Argentina due to this same failure on the part of Agents to exercise extreme care in utilizing cut-outs in dealing with informants in order to prevent the informants from obtaining identifying data concerning his true principals.

Early in 1944, the Bureau sent Inspector Byron Gurnea on an inspection of all FBI Offices and installations in Latin America, subsequently followed by inspection visits on the part of Mr. Gurnea to FBI Offices and installations in foreign countries other than Latin America. Mr. Gurnea was assisted in these inspections by

Special Agent Heber M. Clegg and [redacted] of the SIS Division. b7C These inspections proved invaluable with regard to the making of necessary administrative changes in each Office to render same more efficient and more nearly in accordance with FBI Domestic Field Office procedure. The inspections were exceedingly thorough and covered every phase of SIS activities. Completely uniform procedures (with the exception of such slight local variations as proved unavoidable due to peculiar local circumstances, etc.) were placed into effect as a result of these inspections. A complete detailed manual of instructions was prepared at the Seat of Government based upon needs therefor revealed in the course of inspections. Such manual was furnished to each SIS Office.

A number of administrative changes were effected in the personnel assignments as a result of the inspection, two Legal Attaches having been replaced in this connection.

In addition to the value of the inspections from the standpoint of overhaul, unifying and streamlining administrative office procedure, personnel supervision procedure, etc. along the lines of FBI Domestic Field procedure, they also proved of incalculable assistance in helping morale and esprit de corps among SIS employees assigned in Latin America many of whom had not returned to the United States or had any appreciable contact with the Bureau or its officials since originally assigned to Latin America years before. These inspections, which included detailed interviews with each employee, as well as detailed advice, instructions, etc. to the employees, tended to emphasize to each of the employees, the Bureau's continued interest in them and their work.

It should be noted that travel restrictions, as well as circumstances in connection with the Bureau's overall work and responsibilities, had been such that travel to the United States and to Washington from SIS assignments had been limited and restricted to the greatest possible extent. While it had proved absolutely necessary in a number of instances to bring various employees back for individual conferences, etc., every effort had been made to minimize this travel to the greatest possible extent.

At the time of the inspections, the very apparent and pressing need for some regular program of detailed In-Service Training for Agents assigned abroad was established, and inasmuch as the prior reasons for strictly limiting and minimizing travel from Latin America to Washington no longer existed, there was instituted a program of In-Service Training schools for such Agents. These

schools were, of course, extremely valuable not only from the standpoint of pure instructional benefits, but also from the standpoint of morale and esprit de corps. The Director instructed that during the schools, each Legal Attache, and such other Agents that might desire, must meet and talk with the Director and engage in an interview with each Assistant to the Director and with each Assistant Director at the Seat of Government with regard to local problems and the work generally. This proved of inestimable value, and from this period forward, there was no difficulty whatsoever with regard to morale and esprit de corps. The Legal Attaches were enormously benefited from their talks with the Director, the Assistants to the Director and the various Assistant Directors. They were enabled to outline their problems, offer suggestions, and obtain advice and assistance. This program of In-Service Training Schools continued with increasingly beneficial results until late 1945 when they were discontinued due to the then extreme uncertainty of the Bureau's future in SIS work, it being deemed that due to this uncertainty they were no longer justified.

Also, during the above described inspection program, it became necessary to dispatch female stenographers and employees to foreign SIS Offices due to the fact that male clerical employees were no longer available in sufficient numbers to handle the work. (Male clerical employees were not exempt from Selective Service Draft Regulations). The Administrative Division selected from a large number of volunteers the most efficient and experienced Bureau stenographers and clerical employees available for this assignment. The Training Division, assisted by the SIS Division, prepared a detailed course of instruction and training for these clerical employees pertaining not only to the clerical work that they would perform in the foreign offices, but also conditions generally, including such matters as health, social activities, clothing, security regulations, etc. Due to the experience and excellent quality of the female stenographers and clerical employees utilized on this project, the overall program was enormously benefited, particularly with regard to the performance of efficient administrative functions within each Office.

It should be noted that during August, 1944, the Bureau finally succeeded in establishing an Office in the American Embassy in Honduras despite the continued objections and opposition of the United States Ambassador John D. Erwin and the First Secretary of Embassy, one John B. Faust. Also, during May, 1945, the Bureau,

at the request of the Army and the State Department, established a liaison office in the American Embassy in Panama. This office was discontinued during the Summer of 1946, following almost continuous difficulty with Army authorities in the Panama Canal Zone and the Republic of Panama, concerning intolerable jurisdictional limitations and harassment.

Early in 1945, it had become possible for the Bureau to permit Agents assigned in Embassies and Consulates in Latin America to be accompanied on assignment by their wives and families. It was not possible and feasible for undercover men to be accompanied by their wives on assignment and this was not permitted at any time during the SIS program.

A considerable number of older and more experienced FBI Domestic Field Agents began to apply for SIS assignment following the last mentioned development. A number of these were furnished assignments and the overall result was generally beneficial. As a rule it was discovered that the older and more experienced domestic field Agent encountered much more difficulty in learning the language and adjusting themselves to local conditions abroad than was the case with regard to the younger men more recently graduated from colleges and universities. It is undoubtedly true, however, that SIS suffered to some extent from a lack of maturity and experience on the part of those assigned abroad from the time of its inception until the end.

Following the surrender of Japan and the cessation of hostilities in August, 1945, the Bureau began to experience extreme difficulty in obtaining any clear-cut decision with regard to the future of the SIS program in order that appropriate plans and preparations could be completed for the carrying on of this work. A period of extreme uncertainty and fluctuation ensued, which condition continued to an ever increasing extent until the final and irrevocable decision to close the Offices in July, 1946. During this period of uncertainty and fluctuation, the Bureau upon a number of occasions issued instructions of a drastic nature to SIS Field personnel designed to commence final closing of operations. These instructions would have to be changed within a period of several days due to conflicting instructions and decisions from the State Department and other interested Departments. Many of the more efficient personnel were recalled at various times during this period for a number of reasons and could not be replaced due to the uncertainty of the entire program.

The quality of the work continued excellent, and administratively SIS had definitely "come of age." Up until the final decision

to close in July of 1946 (at which time certain preparations for final closing became necessary which had a crippling effect on efficiency, etc.), SIS Offices continued to perform extremely efficient work abroad. The Bureau commenced the operation of finally closing each SIS Office and turning over the work, jurisdiction, files, etc. to the

[redacted] b1 (S)

It was decided prior to the closing of SIS Offices in Latin America to maintain future liaison assignments for the primary purpose of maintaining liaison with police and other Governmental authorities in the following countries: Mexico, Cuba and Brazil. Agents assigned for liaison purposes in those countries are attached to the United States Embassy therein with the title of Legal Attache.

E. FBI SIS WORK AND COVERAGE IN FOREIGN COUNTRIES OTHER THAN LATIN AMERICA

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On October 19, 1942, at the special request of the Chief of Staff, United States Army, Washington, D. C., the Bureau dispatched a Special Agent under cover of being an Army Officer to Moscow, Russia, for the purpose of investigating alleged irregularities in connection with the administration and activities of lend-lease in Russia. This Agent continued on the assignment in question until June 4, 1943. The foregoing constitutes the first Bureau assignment in Europe since the formation of the SIS program. However, note should be taken of the fact that four FBI Agents had been loaned to the State Department for special courier work in various parts of Europe (primarily the Iberian Peninsula, the Balkans, Central Europe and Russia) in 1940 prior to the formation of SIS. The special courier assignments were continued until late 1941, when the Agents were withdrawn from Europe and absorbed into the Bureau's regular SIS program.

Late in 1942, arrangements were perfected whereby an FBI Agent was assigned in London, England, to maintain liaison with British Intelligence and Security officials as well as with various American Intelligence officials working in London and vicinity. This Agent is attached to the American Embassy in London, England, with the title of Legal Attache and the assignment has continued until date.

On January 2, 1943, the Bureau loaned three Special Agents to the State Department for the purpose of special undercover investigative work in the Embassy Code Room in Madrid, Spain; London, England; and, Stockholm, Sweden. It was intended that these assignments would be designed to obtain information concerning irregularities, etc. in the handling of code work at the above points dangerous from a standpoint of United States wartime security. These assignments resulted in extensive recommendations being made to the State Department for suggested changes in procedures, regulations and personnel in the Code Rooms in question.

On January 15, 1943, at the specific request of the War Department and the State Department, Assistant Director P. E. Foxworth and Special Agent Harold D. Haberfeld were dispatched to North Africa for the purpose of conducting a special investigation concerning alleged collaborationist activities in North Africa during the period of German occupation by an American citizen. These men died in the crash of an Army Transport Plane in the jungles of Dutch Guiana while en route to North Africa pursuant to the above described. They were replaced by two other Bureau Agents who completed the assignment and returned to the United States in August, 1943.

In August, 1943, arrangements were perfected for the assignment of an FBI Agent in Lisbon, Portugal, for liaison purposes, and such assignment was consummated immediately. The Agent was attached to the American Embassy in Lisbon with the title of "Legal Attache" for the purpose of maintaining direct and continuous liaison with British and American Intelligence officials working in Portugal which was especially active and strategic at the time from the standpoint of intelligence directly affecting the Western Hemisphere. The Bureau Office in the Embassy in Lisbon was kept open until the summer of 1946, at which time it was closed and all Bureau personnel recalled to the United States, it having been determined that continuation of the assignment was not justified inasmuch as the strategical importance of Portugal in connection with intelligence matters had ceased.

Also, in August, 1943, a technical expert from the FBI Technical Laboratory was, at the request of the State Department, dispatched on a confidential mission to thoroughly survey and examine the American Embassies in Lisbon, Portugal and Madrid, Spain, for the purpose of insuring protection against technical surveillance, etc. of these Embassies and officers stationed therein. Subsequently, FBI technical experts were assigned to conduct similar surveys in practically all United States Embassies and Legations abroad, including those located in Latin America.

In October, 1943, a Special Agent of the FBI was assigned in Italy to work in direct liaison with the American Advanced Intelligence Group, stationed in Italy of American Force Headquarters. This liaison was maintained until some months following reestablishment by the American Government of an Embassy and Embassy personnel in Rome, Italy, following its liberation. An Office was subsequently established in the American Consulate General in the United States Embassy in Rome, Italy, for liaison purposes which Office continued until late 1946, it being closed and personnel recalled inasmuch as its continued maintenance was no longer justified.

During April of 1944, an FBI Agent was assigned in Madrid, Spain, for the purpose of maintaining liaison with British and American Intelligence officers working in Spain which was at that time of particular strategic importance in connection with intelligence matters affecting the security of the Western Hemisphere. This Agent was attached to the United States Embassy in Madrid with the title of Legal Attache and the assignment has continued to date.

During September, 1944, two Special Agents of the FBI were assigned to Paris, France, for the purpose of maintaining direct and continuous liaison with Army Intelligence authorities assigned to Supreme Headquarters Allied Forces. Later in 1944, three additional Agents were assigned to the same project. The assignment was subsequently increased to include five additional Agents, including two Agents for assignment as Attaches in the American Embassy in Paris, France, following its reestablishment under United States Ambassador Jefferson Caffery. The Agents, assigned directly in liaison with United States Army Intelligence Forces in France, proceeded with SHAEF Intelligence Headquarters into Hamburg and Berlin, Germany, following the capitulation and occupation of the last named country. Two Agents were also assigned to the maintenance of direct liaison with American Intelligence authorities at General Clark's Headquarters in Vienna, Austria. Late in 1945, all FBI Agents and personnel assigned to the maintenance of direct liaison with Army authorities in France, Austria, and Germany, were recalled due to intolerable conditions imposed by Army Intelligence authorities with regard to the maintenance of such assignments.

Following the liberation of the Philippines in 1945, two Special Agents were dispatched to the Philippines for the purpose of maintaining direct and continuous liaison with American Intelligence officers of the United States Army at this point. Subsequently, two additional Agents were dispatched on this assignment and a Bureau inspector was sent over for the purpose of inspecting the Bureau's installation in the Philippines during August, 1945. Shortly thereafter the surrender of Japan and occupation thereof by American troops resulted in the Bureau inspector (T. E. Naughten), accompanied by two Special Agents, proceeding to Tokyo, along with American Army Intelligence Headquarters. Thereafter, the assignments were continued, both in the Philippines and Tokyo, Japan, following the return to the United States of Inspector Naughten, for liaison purposes. These assignments were finally simultaneously discontinued in August, 1946, due to the fact that the importance of the assignments to the Bureau had materially decreased in addition to the fact that it had been discovered virtually impossible to work harmoniously and cooperatively in liaison with Army Intelligence authorities abroad.

It will be noted from the foregoing that the Bureau is still maintaining liaison assignments in London, England, Paris, France, Madrid, Spain and Ottawa, Canada. These assignments in addition to those being maintained in a liaison capacity in Latin America constitute all foreign assignments at the present time.

F. SIS FINANCES

Immediately upon the formation of the Bureau's SIS program, funds were provided from the President's confidential fund, separate and apart from the Bureau's regular appropriation. This, of course, permitted much greater secrecy with regard to the Bureau's SIS work inasmuch as the funds did not have to be accounted for by vouchers, etc. cleared through the General Accounting Office. However, the Bureau established its own SIS voucher system patterned as closely as possible and practicable after the regular Governmental voucher system and all funds expended in any way whatsoever were covered by salary, living and quarters allowance and expense vouchers.

Due to the nature of the appropriation and the nature of the clandestine work being performed, salaries were not ordinarily paid by Governmental check. The procedure was as follows: The Chief Clerk's Office obtained the necessary funds from the Treasury Department and these funds were deposited in the City Bank in Washington, D. C. in an account maintained under the names of Messrs. W. R. Glavin, D. M. Ladd and [redacted] All withdrawals from this account were required to be supported by vouchers approved and signed by the above mentioned three officials. All checks drawn on the authority of such vouchers were required to be signed by at least two of the above described officials. Upon being sent on assignment, individual employees were advanced such funds as might be necessary to cover cost of transportation and other unusual and emergency expenses which might arise prior to the receipt of salary and expense reimbursements. These advances were if necessary permitted to continue until the termination of the SIS assignment, at which time final accountings were submitted and the advance accounts settled. b7C

Also, following the establishment of Legal Attache Offices, so-called Office Advance accounts were maintained and charged personally to the Legal Attache involved. These advances permitted the Legal Attache to draw funds for emergency expenditures of such a nature as would not permit delay encountered by awaiting reimbursement on expense vouchers, etc. These Office Advance accounts were likewise finally settled upon the closing of each Office.

A summary of appropriations and funds made available and expended by the Bureau on its SIS program is as follows:

Immediately upon establishment of the SIS program, the Budget Bureau on July 2, 1940, made available from the President's confidential fund the sum of $400,000.00. At the close of the fiscal year ending June 30, 1941, the sum of $144,430.61 had been expended. Due to the available surplus then on hand, no additional funds were made available at the beginning of the fiscal year 1942. On October 8, 1941, the President signed a letter making another $400,000.00 available to the Bureau for SIS work. During January, 1942, an additional $100,000.00 was made available by the same means. Thus, a total of $900,000.00 was made available from the President's fund to cover all expenses of the SIS program from July, 1940, to June 30, 1942. The extreme rapid expansion of SIS work following Pearl Harbor, however, necessitated the expenditure of an additional $14,026.71, prior to June 30, 1942, so that a deficiency in the last mentioned amount existed. It was arranged for an additional $1,900,000.00 to be made available to the Bureau for SIS work on June 19, 1942, which funds were earmarked for use during the fiscal year 1942 and fiscal year 1943. On December 23, 1943, the President allocated to the Bureau the additional sum of $1,000,000.00 in funds to be expended during the fiscal year 1943, thus, making a total of $2,900,000.00 made available for the fiscal year 1943, minus $14,026.71 which as indicated above had been utilized to cover a deficiency incurred during the fiscal year 1942. On July 13, 1943, the President allocated to the Bureau the sum of $5,450,000.00 to cover the expenses of SIS work during the fiscal year 1944. All of these funds were not expended and, for the purpose of providing funds for the fiscal year 1945, the Bureau of the Budget authorized the transfer of funds remaining unexpended from the fiscal year 1943 in the amount of $75,305.11, together with unexpended funds remaining from the fiscal year 1944 in the amount of $1,925,000.00 to the fiscal year, 1945. In addition, the President on July 22, 1944, allocated for SIS expenses during the fiscal year 1945, the additional sum of $1,175,000.00, thus making a total of $3,175,305.11 available to the Bureau for expenditure during the fiscal year 1945. It was provided in the allocation that $5,000.00 of this sum could be expended in defraying the expenses of foreign police officials visiting the United States. For the fiscal year 1946, the Bureau estimated for SIS operations a total of $4,000,000.00. The Budget Bureau was so informed and the State Department concurred in the request. However, on July 7, 1945, the Budget Bureau approved only $1,325,000.00 for SIS operations and authorized in addition the carry-over of $175,000.00 remaining from unexpended funds from the appropriation for the fiscal year 1945. It was indicated that this sum would cover SIS expenses for the first six months of the fiscal year 1946 and that at the end of such period a determination would be made as to whether the Administration desired continuance of the SIS program. Following considerable discussion, negotiation and uncertainty, the President finally, by letter dated December 4, 1945, allocated the sum of $1,446,357.00 to cover SIS expenses during the remaining six months of the fiscal year 1946.

The amount of $3,000,000.00 was included in the Bureau's regular appropriation bill for 1947 for use in continuing SIS operations. This amount was not in any way whatsoever earmarked as to the manner in which it should be expended. At the beginning of the 1947 fiscal year, Bureau employees who had been previously removed from the regular Bureau rolls and paid by checks drawn on the special SIS bank account were returned to the regular Bureau rolls and salary checks to them were drawn from the regular Bureau appropriation. Expense checks and other confidential expenses were drawn from the same SIS bank account in [redacted] which was replenished by the Chief Clerk's Office by use of blue slip vouchers b7D

The following table will reflect funds actually made available and actually expended on SIS operations from the time of its inception until June 30, 1947:

Fiscal Year		Funds Available	Total Expenditure
1941		$ 400,000.00	$ 144,430.61
1942 Carried fwd. from '41	$ 225,569.39		
Add'l appropriations	500,000.00	755,569.39	769,596.10
1943 Appropriations	2,900,000.00		
Less '42 deficit	14,026.71	2,885,973.29	2,810,668.18
1944 Carried fwd. from '43	75,305.11		
Add'l appropriations	5,450,000.00	5,525,305.11	3,525,000.00
1945 Carried fwd. from '43	75,305.11		
Carried fwd. from '44	1,925,000.00		
Add'l appropriations	1,175,000.00	3,175,305.11	3,000,305.11
1946 Carried fwd. from '45	175,000.00		
Add'l appropriations	2,771,357.00	2,946,357.00	2,946,357.00
1947 Appropriations		3,000,000.00	
Expenditure to June 30, 1947			1,989,172.89
		Total	$16,185,529.89

G. JURISDICTIONAL DIFFICULTIES AND LACK OF COOPERATION

Jurisdictional difficulties and lack of proper cooperation, support and assistance from interested Government Departments and Agencies were experienced by the Bureau from the very inception of the SIS program. This was due in part at least to the very loose and somewhat confusing mandate set forth in the Presidential Directive, described hereinbefore.

Apparently General Sherman Miles, then Assistant Chief of Staff in charge of G-2, United States Army, was somewhat instrumental

in securing such a loosely drawn and dubious outline of the Bureau's jurisdiction in the SIS field. General Miles was insistent from the beginning that Bureau work in the foreign intelligence field would not materially restrict or limit so-called traditional activities of Army and Navy Intelligence abroad, the latter being more or less included under the auspices of Military and Naval Attache activity.

It was necessary soon after the inception of the SIS program to draw up specific and detailed "delimitation agreements" for the purpose of delimiting by agreement between the three primary intelligence agencies operating in Latin America, namely, MID, ONI and FBI, the jurisdiction, responsibility and functions of each of the participating agencies. These delimitation agreements were changed from time to time although generally speaking they were based upon the general premise that the Bureau would assume responsibility for the investigation of clandestine intelligence generally with primary emphasis upon subversive activities, etc., and the Army and Navy would have responsibility and would confine their activities to matters of peculiar military or naval interest. The various delimitation agreements covering SIS jurisdiction were honored more by violation than observance especially on the part of the Army. Throughout the entire history of SIS, it was the general pattern of Army activity abroad that the Military Attache would to a large extent ignore the terms of the delimitation agreement applicable at the time and would invariably answer protests, etc. on the part of the Legal Attache to the effect that he was carrying out specific instructions from MID Headquarters in the United States and that Army interpretation of the delimitation agreement did not generally speaking delimit or restrict investigative activities on the part of the Military Attaches. Correspondingly, protests, discussion and negotiation with MID Headquarters officials in Washington throughout the entire SIS program with regard to obvious and flagrant violations of the delimitation agreement invariably resulted in such Headquarters officials of MID "passing the buck" to the Attaches and other officials in the field with the excuse that there had merely been a misunderstanding and misinterpretation of the terms of the delimitation agreement by the local Military Attache. As indicated above, this pattern was repeated so frequently and so persistently that there can be little, if any, doubt but that the local Military Attaches were, in effect, carrying out the instructions of MID Headquarters in Washington, D. C.

This naturally resulted in much local confusion, endless duplication and sometimes considerable embarrassment. It was only by the exercise of the utmost alertness and vigilance, together with prompt and vigorous protests in strong terms, that the Bureau was enabled to keep this situation within any reasonable degree of control.

Soon after Pearl Harbor, there was established by MID in Miami, Florida, an intelligence organization known as the American Intelligence Command, under the direct supervision of Colonel William Herd. The American Intelligence Command issued instructions and orders by directive and otherwise to the various United States Military Attaches throughout the entire hemisphere. It also supervised certain undercover MID operations in Latin America. This organization was particularly objectionable and was responsible for a very large amount of the confusion, duplication and invasion of the Bureau's jurisdiction by MID in Latin America.

Protests, discussion and negotiation with MID Headquarters in Washington were never successful in satisfactorily settling this problem caused by the non-cooperation of Colonel Herd and the American Intelligence Command until the organization was transferred from Miami back to Washington and disbanded during 1944.

The greatest difficulty centered in Argentina where United States Military Attache, General John W. Lange, had established, prior to the advent of the Bureau's SIS, a somewhat comprehensive clandestine intelligence network of informants, etc. General Lange (undoubtedly with the complete support, and in pursuance of instructions by the American Intelligence Command) insisted upon completely ignoring the terms of the delimitation agreement. He proceeded to investigate subversive activities, German espionage, and other intelligence matters generally in Argentina on a wholesale basis until the time of his transfer from Argentina in 1945. This, of course, resulted in very great confusion, duplication, and, in many instances, embarrassment with regard to Bureau efforts in Argentina. It was the subject of much discussion, negotiation, etc. with MID Headquarters in Washington, D. C., with the usual result as indicated above. MID insisted that the violations were solely the fault of General Lange and he insisted that he was merely obeying instructions and orders from MID Headquarters in the United States.

It is not intended in any way to convey the impression that General Lange was the only non-cooperative Military Attache operating in Latin America. As indicated above, they all more or less followed the same general pattern, although some were much more cooperative and friendly on a personal basis than others. General Lange's activities were the most objectionable due to the fact that he was active, intelligent and able and did operate a far-flung intelligence network in Argentina on a very active basis which caused untold difficulty.

The other Military Attaches throughout Latin America were somewhat prone to merely dabble in the investigation of intelligence matters in a somewhat ineffective and not too harmful manner.

Mention has been made previously of the difficulty experienced by the Bureau in trying to work in direct liaison with Army Intelligence attached to field forces in France, Germany and Austria. This difficulty was caused by certain intolerable restrictions, limitations, etc. prescribed for the activities of Bureau Agents assigned in liaison capacity by General Edwin L. Sibert, G-2, Chief, European Theater, attached to General Eisenhower's Headquarters. During September, 1945, when the Bureau had a total of 17 Agents, together with necessary clerical personnel, engaged extensively in liaison intelligence operations of vital importance to FBI responsibilities in connection with the intelligence and security work in the Western Hemisphere, General Sibert issued a recommendation that this force be reduced to a total of two Agents for the entire European Theater, these Agents to be confined to virtually no intelligence activities except maintenance of formal liaison at Headquarters. The Bureau, of course, withdrew all personnel from liaison with the Army except those Agents maintaining liaison with General MacArthur's Headquarters in the Pacific. The latter Agents were withdrawn during 1946, when it had become obvious that satisfactory liaison could not be maintained with Army Field Intelligence Forces.

Some difficulty by way of lack of cooperation was experienced with the United States Naval Attaches abroad, but this was of a very minor nature and was invariably satisfactorily adjusted. It should, of course, be noted in the latter connection that the United States Navy withdrew almost entirely from the intelligence picture in Latin America following important allied Naval and land victories in North Africa and the Mediterranean area late in 1942 and early in 1943. Thereafter, they maintained Naval Attaches only in the most important countries in Latin America and these enjoyed very small and limited staffs with very limited funds and other facilities for intelligence work. b1 b7D

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The lack of cooperation on the part of the State Department and its representatives experienced by the Bureau during the SIS program was largely centered in the State Department Foreign Career Service and the officials directly connected with the administration thereof.

The State Department Career Service was from the outset extremely suspicious of the Bureau and its SIS program. These people were anything except cooperative although as befits diplomats they

ordinarily refrained from displaying open hostility. The Bureau's extreme difficulty in obtaining the privilege of operating in United States Embassies and Consulates throughout Latin America has been described in some detail above. This was caused in a large part by hostility and lack of cooperation on the part of the Foreign Career Service. It is true that once the FBI gained the privilege of operating in the Embassies and Consulates, the Agents were enabled through their good work and brilliant results to sell the Bureau and the SIS program to the Ambassadors and to a number of subordinate career officials. Generally speaking, however, the Career Service remained extremely suspicious and quite jealous of the Bureau's work in the foreign field and many career officials who openly voiced support and enthusiasm for the SIS program were probably in actuality hostile thereto.

The Bureau experienced great difficulty in securing proper facilities for our foreign operations, such as diplomatic passports, full diplomatic privileges and immunities in Embassies, Consulates etc. Many career officials seemed to take delight in withholding cooperation by way of furnishing obstruction and obstacles to the more efficient functioning of the SIS program. Some of the Ambassadors who supported the program exhibited undesirable tendencies to dominate the work of the Legal Attache within the Embassy and to "boss" it to an injurious extent. This was true of former United States Ambassador Spruille Braden, who at one time, while assigned in Havana, Cuba, undertook to personally control and supervise all informants used by Legal, Military and Naval Attaches.

United States Ambassador Messersmith, while assigned in Havana, Cuba, was extremely uncooperative and was later generally hostile and uncooperative when assigned as United States Ambassador to Mexico. During the latter stages of the SIS program, Ambassador Messersmith exhibited more enthusiasm for and cooperation with the SIS program. He was and probably still is, however, basically hostile to the Bureau and to the SIS program except in so far as he thinks it served his best advantage to exhibit friendliness and a spirit of cooperation.

Former United States Ambassador John D. Erwin, assigned in Honduras, was extremely hostile to the idea of the Bureau operating SIS activities in Honduras. He persisted in this attitude to such an extent that the Bureau was unable to establish a Legal Attache in the Embassy in Honduras until the Summer of 1944, at which time it was necessary for the Secretary of State to personally order Ambassador Erwin to accept such an assignment despite his continued hostility and objections.

Efforts were made at various times by State Department officials and the Career Service to hamper the work of Bureau Agents in the field of political and economic intelligence. The Bureau at one time in 1943 instructed the cessation of this kind of work altogether whereupon the State Department withdrew its former objections and specifically requested that SIS work in this connection be resumed and continued.

To sum up the attitude of the State Department, it is believed accurate to state that much time, money and difficulty in establishing the SIS program on an efficient basis could have been completely avoided with proper cooperation from the Department as a whole (which the Bureau certainly had every right to expect), which cooperation was definitely not forthcoming. Such cooperation and assistance from the State Department and its representatives, as was later enjoyed by the Bureau, had to be won on an individual piecemeal basis after long delay, much expense and difficulty.

H. CRITIQUE

Detailed information with regard to the accomplishments of and results obtained by the Bureau's SIS program are set forth in detail, both summarily and by country in the main volume following this Special Supplement under the heading, "Accomplishments."

These statistical accomplishments and results speak for themselves and can without doubt be classed as brilliant. The FBI was instructed to set up the SIS program during the Summer of 1940 under extreme difficulties and without any precedent whatsoever to follow with regard to this type of work in foreign countries. As will be noted from the foregoing, the assistance and cooperation from the most interested Departments of the Government, which the Bureau had every right to expect, was not forthcoming on anything like a satisfactory basis. Despite these difficulties, the FBI did establish a foreign investigative organization operating as an integral part of the FBI which was in addition to being the only efficient investigative service operated by an Agency of the Government abroad to date a service which actually approached FBI standards in the United States with regard to overall efficiency and competence. The total cost which will be noted from the foregoing information concerning SIS finances was extremely insignificant when compared with Governmental expenditure in connection with this type of operation in other areas. The efficiency of the Service was such that any type of investigation desired could be conducted on a prompt and efficient basis and any type of information desired by any phase of

the United States Government could be obtained promptly, efficiently and completely without embarrassment to the American Government. This success is undoubtedly attributable solely to the overall efficiency of the FBI and its administration.

Many mistakes were made, but they were corrected in accordance with overall FBI administrative procedure. Generally speaking, it can be stated that such mistakes that were made were attributable to a complete lack of prior experience by the FBI in foreign operations, the complete lack of any precedent for this type of operation, and other circumstances more or less completely removed from Bureau control.

Generally speaking, the mistakes and errors of major importance were inevitable when considered in the light of all circumstances applicable to the entire program. It might be profitable, however, to review these in summary fashion as a basis for possible consideration and study in connection with possible future operations of a similar character.

1. It was definitely a mistake to undertake the establishment of intelligence coverage solely on the basis of clandestine operations. Representation should have been set up in the beginning in the various Embassies and strategic Consulates with complete staffs organized along the lines of Bureau Domestic Field Offices. This coverage should then have been supplemented by strategically placed clandestine coverage following careful study on the part of Bureau Embassy representation as to the covers applicable and offering the greatest chances of success.

As previously indicated, the above fact was the lesson of experience and could probably have been learned in no other way. Also, at the time of the establishment of SIS, it was not possible, due to the attitude of the State Department, to establish the "Legal Attache System" as it later came to exist. It is very dubious if the State Department would have ever agreed to such operation except on an individual piecemeal basis following clandestine operations in each country and the difficulties experienced by all concerned in connection therewith.

It is even more dubious if the President would have ordered the necessary cooperation from the State Department in the beginning or if such orders even had they been forthcoming could have been successfully implemented at the time.

2. Agents were briefed far too hurriedly and sent out on assignment far too rapidly for proper assimilation and adjustment into the program with resultant ill effects.

The above mistake was natural and probably inevitable under all of the circumstances involved. In the future, however, it is believed that in connection with any similar type of operation much greater care should be devoted to detailed briefing and training of the men utilized, together with a much more careful estimate as to the numbers actually needed for proper performance of the work. It is not believed that this mistake would have ensued if the Bureau had been able to establish competent representation with proper jurisdiction and authority in the various United States Embassies at the very beginning of the SIS program inasmuch as such Embassy representation could have supplied the Bureau with information needed in making proper estimates as to the amount of personnel needed in each area.

3. The Agents selected for SIS assignments were in the overwhelming majority of instances younger, and more inexperienced than was desirable.

This mistake was again probably inevitable due to a variety of circumstances as set forth above. The men were largely picked from volunteer ranks and it was the younger and more inexperienced Agents, most of whom were single, that volunteered. Also, the younger men seemed to possess more qualifications and facility with regard to language qualifications. Also, up until approximately 1944, the older and more experienced Agents were largely tied up on extremely urgent and vital Domestic Field work and were not being recommended by the Special Agents in Charge for SIS assignments.

Despite the many legitimate reasons for this occurrence, it is still believed that the Bureau should, in the event of similar operations in the future, give care and consideration to the matter of selecting a proper proportion of older and experienced men (preferably with prior administrative and executive experience) for assignment to work of this kind.

4. The Agents on SIS suffered from a lack of adequate supervision, administrative discipline and direct contact with the Bureau of the kind furnished by regular In-Service training, inspections, etc.

Conditions applicable at the time were definitely responsible for this situation. Prior to the advent of the Legal Attache system, late in 1942, there was, of course, no local supervision whatsoever and virtually no direct contact with the Bureau. Later the Legal Attaches were usually young, inexperienced and especially in the beginning overburdened with a variety of problems of such pressing urgency to cause them to neglect proper administration and supervision of subordinate personnel.

Up until 1944, travel restrictions and limitations due to war conditions were such that In-Service training, etc. on the part of Agents assigned to SIS was virtually impossible. Similarly, it is doubted if it was practical on the basis of vital Domestic Field needs to assign regular Bureau inspectors to the program much earlier than occurred (early in 1944). The fact, however, remains that these advantages were sorely missed and undoubtedly cost SIS much in the way of efficiency as well as improper morale and esprit de corps.

5. Instructions furnished to Agents engaged on SIS with regard to local methods of operation were not altogether adequate particularly with regard to the developing and handling of informants.

This deficiency was due entirely to the lack of former Bureau experience or any established precedent in connection with the handling of foreign intelligence work.

Later in the SIS program, upon the institution of SIS In-Service Schools in 1944, adequate detailed instructions were furnished on the basis of past experience which had been gained more or less by trial and error.

6. The handling of cover work, that is, the selection of covers for various Agents in the various localities, together with adequate cover training for the Agent was extremely faulty and weak until comparatively late in the SIS program.

The above mistake was also due largely to lack of experience in foreign intelligence work, coupled with the further fact that the Bureau was completely uninformed with regard to conditions, commercial and otherwise in the various localities in Latin America. Under all of the circumstances applicable at the time it was probably inevitable that the Agents would be given the most likely sounding covers and dispatched to the most logically sounding areas for the exploitation of such covers. What was needed and later developed was adequate

and competent surveys with regard to just which covers would prove adequate and logical from within the country to which the representative was being sent. Also, it was necessary to give consideration to the particular kind of work that the particular undercover Agent was going to perform in the country in order that his cover would permit this type of activity.

Following establishment of the Legal Attache system this problem was successfully adjusted. It is doubted if better results could have been logically expected earlier. It should also be noted for possible future reference that commercial covers generally in wartime are extremely weak and objectionable unless the employee to be assigned under same is somewhat elderly or otherwise obviously not good draft material.

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II. ORIGIN AND SCOPE OF SIS

A. ESTABLISHMENT

The earliest conversations with regard to the possibility of establishing an FBI Intelligence Service in Latin America for the purpose of obtaining and distributing information of a secret intelligence nature took place between the Director and the then Assistant Secretary of State A. A. Berle early in May, 1940. Mr. Berle, during such conversations, indicated to the Director that there was a need for such a Service to be conducted by the FBI and that Presidential approval therefor would be secured by Mr. Berle. Conversations and negotiations concerning this proposed Service continued until the scope of such discussions included the then Director of ONI, Admiral Walter S. Anderson, and the then Director of MID, General Sherman Miles. Considerable discussion with regard to this matter took place at the Inter-departmental Intelligence Conference attended by the Director, General Miles and Admiral Anderson, with their respective aides, on May 31, 1940, at which time it was agreed that efforts would be made to have Mr. Berle of the State Department clarify in specific detail the desires of the State Department concerning the establishment of a secret intelligence service as well as the scope and jurisdiction thereof. (66-8603-17) b7C

Prior to this time, the FBI had, upon request from the State Department, furnished, during 1939, an FBI Agent [redacted] to carry on certain police instructional and advisory work in Brazil and Colombia.

An enlarged Interdepartmental Intelligence Conference, attended by the Director, Admiral Anderson, General Miles and Mr. Berle of the State Department was held on June 3, 1940, at which time general agreement was reached that the FBI would establish a special intelligence service to obtain secret information throughout Latin America (excluding Panama) with the cooperation of the State, War and Navy Departments. The Conference designated a special committee to study the question and submit specific recommedations as to plans, etc. concerning the proposed intelligence service to be established by the FBI. This Committee consisted of Captain Bode of ONI, Colonel James Lester of MED, Selden Chapin of the State Department and Mr. E. A. Tamm of the Bureau. (66-8603-23

During these discussions, it should be noted that the specific need for such a service to be established by the FBI was generally stated to be for the purpose of investigating subversive activities directed against the United States from foreign countries, it being indicated that the proposed service would probably function at least in its initial stages only in the Western Hemisphere. It should also

be noted that particular apprehension was generally expressed concerning the danger of subversive activities and the need of investigation thereof in Mexico, the Caribbean Area and along the east coast of South America. This, of course, was due to the fact that the war in Europe had at that time reached such a stage as to particularly threaten those areas. It should also be kept in mind as a background for these discussions that a great deal of publicity had occurred within the United States concerning the Nazi infiltration of Latin America, particularly in Mexico, Central America and along the east coast of South America. This publicity, had since the beginning of the war in Europe, reached alarmist proportions and official Washington, along with the informed public in the United States was openly apprehensive with regard to the true extent of Nazi penetration and influence in the areas named above.

On June 12, 1940, the Director of the FBI addressed a memorandum to the Attorney General of the United States outlining past discussions and negotiations with regard to the establishment of a special intelligence service in foreign countries to function under the administration of the FBI; and that affirmative steps were awaiting the formulation of a specific and detailed program from the President for a determination as to matters of policy. (66-8603-34)

Continuing to press for the proposed program, Mr. Berle agreed to secure the approval of the State Department and of the President for the establishment of the Special Intelligence Service (66-8603-26). Mr. Berle indicated to Mr. E. A. Tamm (66-8603-27X) that the President approved the plan in a personal discussion with Mr. Berle, but that before moves were being made, he desired to secure written authoriziation.

E. PRESIDENTIAL DIRECTIVE

The Presidential Directive which Mr. Berle had been working for was first outlined in a memorandum under the signature of Mr. Berle, dated June 24, 1940 and addressed to General Miles, Admiral Anderson and Mr. Hoover. This memorandum recorded that Mr. Berle talked with the President by telephone in the presence of General Miles and requested advice as to the President's wishes as to the formation of a unit for foreign intelligence work. The memorandum stated, "the President said that he wished the field to be divided. The FBI should be responsible for foreign intelligence work in the Western Hemisphere on the request of the State Department. The existing Military Intelligence and Naval Intelligence Branches should cover the rest of the world, as and when necessity arises." This memorandum further stated that "it was understood that the proposed additional foreign intelligence work should not supersede any existing work now being done and that the FBI might be called in by the State Department on special assignments outside the American Hemisphere under special circumstances..." (64-5002-4,14,43; 66-8603-41X)

In accordance with this memorandum it was indicated to the Director of the FBI that some forty men would be designated for this assignment with the program that following appropriate special training they would take up duties in various Central and South American countries and insular possessions. (66-8603-29)

C. COOPERATIVE FUNCTIONS WITH OTHER GOVERNMENTAL AGENCIES

In view of the jurisdictional limits and scope of activity imposed upon the SIS program of the Federal Bureau of Investigation, it was decided that, acting merely as a service organization, information after evaluation and correlation at Washington, D. C., would be disseminated to the following agencies in accordance with their particular interest in the particular information to be forwarded:

1. State Department - All material pertaining to Latin America

2. Navy Department - All material relating to the activities of foreign Naval Departments, Maritime information concerning espionage agents and their activities.

3. War Department - All material pertaining to the movement of troops in Latin America, espionage agents and their activities which pertain to military interest.

4. Office of the Coordinator of Inter-American Affairs - All material on matters pertaining to subversive political activities, enemy propaganda, data regarding commerce and individuals dealing commercially with sympathizers or subjects of Axis nations.

5. Office of the Coordinator of Information - All matters pertaining to Latin America which are related to enemy subjects and activities in Europe.

6. Treasury Department - Information regarding the movements of questionable or enemy funds and the individuals responsible therefor.

7. Maritime Commission - Maritime matters involving shipping and port commerce.

8. Board of Economic Warfare - Matters concerning strategic materials and commercial data.

In addition to the dissemination of information to specific governmental agencies, it was provided that data of urgent and vital interest would be provided for the information of the President as he desired and that further, upon requests of other governmental agencies, special investigations and services would be conducted and reported.

On July 2, 1940, the Interdepartmental Intelligence Conference was attended by the Director, Admiral Anderson, General Miles and Mr. Herbert Gaston, Assistant Secretary of the Treasury. At this meeting, Admiral Anderson, General Miles and Mr. Gaston agreed to furnish to the Bureau material from their respective files which might be of value to the FBI as background material for use in training Bureau Agents for foreign assignments. It was announced at this conference by the Director that Assistant Director P. E. Foxworth of the FBI had been designated in charge of the Bureau's Special Intelligence Service. (66-8603-30).

D. DELIMITATION AGREEMENT

General Miles of MID expressed early concern with regard to the jurisdictional scope to be exercised by the Bureau's SIS Program. By letter dated July 23, 1940, addressed to the Director, he suggested that the Bureau's SIS Program be definitely limited in scope to the matter of subversive activities, particularly those that might be hostile to the United States, being carried on in foreign countries, by organizations having direct leads into the United States. It was further his opinion that the purpose of the SIS was primarily to supplement by undercover information the data which our accredited official agents in foreign countries could obtain.

On July 26, 1940, General Miles' memorandum on limiting the scope of the SIS was discussed and the question as to its operations placed before the conference. At this time General Miles reiterated an opinion of limiting the scope of SIS in contrast to Admiral Anderson who felt that restrictions should not be placed upon the interpretation of the President's Directive but that the service should be as liberal as possible so that its operators should report everything brought to their attention. The conclusion of the conference group was that the SIS should not be restricted in the scope of its operations but that in addition to obtaining social, financial, economic and political information, emphasis should be placed on obtaining information concerning subversive activities detrimental to the interests of the United States. At this time Mr. Hoover pointed out that he was willing at any time to waive direction of the operations of the SIS if the War and Navy Departments desired to take it over and operate it. (66-8603-43).

Notwithstanding the conclusion of the Conference Group, General Miles under date of October 12, 1940 again reiterated his feelings by letter to the Director as to the scope of the SIS and wished to make clear his point that it was his conception that the scope should be along subversive lines of activity or anti-American hostility as an underlying trend which the official representatives of the State, War and Navy Departments are not in a position to get. (64-5002-39).

In order to definitely and conclusively define the field, under- date of February 3, 1941 an agreement as to the scope of operations of the Military Intelligence Division, the Office of Naval Intelligence and the Federal Bureau of Investigation in foreign and domestic intelligence was set up. This agreement signed by Brigadier General Sherman Miles for the War Department, Captain Alan G. Kirk, Director of ONI, and the Director noted that "III., the Federal Bureau of Investigation is engaged in the soliciting and obtaining of data relative to economic, political, industrial, financial and subversive conditions in the Latin Americas. These operations are carried on through Special Agents assigned to these countries, special employees and informants engaged to operate in the Latin Americas. In addition, the FBI, particularly in the New York area was engaged in contacting representatives of American business firms having interests or personnel in the Latin Americas for the purpose of developing sources, channels and flow of information through the representatives of these companies stationed in the Latin Americas." (66-8603-88X)

For the purpose of supplementing this program, under date of February 7, 1941, the Director submitted a memorandum as to the investigative jurisdiction and responsibility of the FBI in the SIS field for the Attorney General's use in preparing a memorandum for approval by the President. (66-8603-91) This memorandum declared:

"Western Hemisphere Foreign Intelligence

I. The Federal Bureau of Investigation shall be exclusively responsible for the collecting of information and data dealing with economic, industrial, financial, political and subversive activities in all countries of the Western Hemisphere excepting the Republic of Panama and the Panama Canal Zone.

The Federal Bureau of Investigation shall have exclusive jurisdiction for the maintenance of representatives in the Latin American Republics, other than the Republic of Panama.

The Federal Bureau of Investigation will have exclusive jurisdiction and sole responsibility for the establishment and maintenance of contacts with American firms having interests, facilities or personnel in the Latin American Republics, other than the Republic of Panama for the purpose of collecting data pertaining to economic, industrial, financial, political and subversive activities.

It shall be the responsibility of the Federal Bureau of Investigation to furnish to the various branches of the Federal Government such information as is obtained and is of interest to them. The War and Navy Departments and other governmental departments will call upon the Director of the Federal Bureau of Investigation for specific information in the categories enumerated from time to time as they may have need for such information.

II. The provisions of Part I are not to be construed or interpreted as superseding, curtailing or limiting the established functions of the Military or Naval Attaches in any country in which they are or may be assigned nor will this clause place any restrictions upon the executive branches of the Federal Government in sending missions to such countries as may from time to time be necessary.." (66-8603-91)

On March 3, 1941, the then Secretary of War, Henry Stimson, addressed to the Attorney General a memorandum suggesting that responsibility with regard to foreign intelligence work within the Western Hemisphere be placed upon the FBI without delimiting the operations of Military and Naval Intelligence in their specialized fields of operations. This set forth

further the plan for a permanently assigned committee consisting of a field representative of the FBI, MID and ONI to operate as a pool of information relating to contacts, coverage and data to be obtained. (66-8603-97).

E. JURISDICTIONAL DIFFICULTIES

Under date of both March 12 and March 15, 1941, Mr. Hoover informed the Attorney General by memorandum that both MID and ONI were endeavoring to invade the SIS field and obtain jurisdiction over many matters which should be handled by the Bureau. (66-8603-97,102)

In view of the Director's opinion that to avoid duplication of effort in such a service one unit should have the sole responsibility, it was his belief that there should be a recommendation that SIS be removed from the FBI and that work be transferred to either MID or ONI and on March 25, 1941, the Director advised the conference that he would make this recommendation to the Attorney General and that the SIS be discontinued by the FBI and taken over by the Army and Navy. General Miles stated that he felt that such a step at this time would be unwise since the Army and Navy have no trained personnel to take over the work and that time is of the greatest importance. (66-8603-146)

In this connection it is noted that in the weekly conference of August 6, 1941, Captain Kirk stated that he was thoroughly and unalterably opposed to the proposition that the Navy take over completely and exclusively the covering of intelligence operations even in Mexico. (64-4104-30)

Dated May 15, 1941, a joint memorandum was prepared by the Federal Bureau of Investigation, the Military Intelligence Division of the War Department and the Office of Naval Intelligence outlining the extensiveness of the coordinated program of these agencies. Included in this memorandum, it was stated concerning the SIS that "the Federal Bureau of Investigation maintains undercover agents, informants, et cetera in all the Latin American countries. An extensive program of counter-intelligence utilizing the services of American business firms operating in the Latin Americas is in operation for the purpose of maintaining a constant study of the Axis operations, propaganda, et cetera, in these countries. Special Agents are also operating in undercover capacities abroad." (66-8603-190)

On May 20, 1941, Mr. Berle of the State Department, as a beginning movement to give SIS agents some official status, set forth three categories or situations in which representatives of the SIS Division would operate in the Latin American Republics. (64-5002-114) Briefly these three situations were outlined to be:

1. A situation in which an American Republic has asked for the services of an American expert to be maintained in

connection with the United States mission in that country without concealment.

2. A situation in which the United States Diplomatic mission has asked for the services of such an expert for its own assistance.

3. A situation in which it is deemed desirable to have the expert to go directly to the country involved but without responsibility to the Diplomatic mission or any responsibility by same.

On June 4, 1941 the same Interdepartmental Intelligence Conference members in the interest of additional coverage discussed a proposal for the FBI to have a number of its agents specifically attached to Embassies in South American countries with diplomatic status to perform the functions of coordinating FBI intelligence activities in those countries. (66-8603-221) b1

(S) [redacted] b1

Director Hoover's opinion was requested by the conference whereupon Mr. E. A. Tamm stated that Mr. Hoover's opinion was that if Colonel Donovan was taking over SIS in the Eastern Hemisphere he should also take over SIS work in the Western Hemisphere. (66-8603-258).

This situation (66-4104-31,32; 66-8603-261) was discussed with Mr. Berle, General Miles and Captain Kirk, all of whom were of the same opinion and felt that the situation should be clarified. However relative to the Western Hemisphere, Mr. Berle stated that he was opposed to the transference of SIS coverage away from the Bureau. b1

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Mr. Berle advised that as far as the State Department was concerned the present situation with the FBI handling the Western Hemisphere had been working very satisfactorily. In addition General Miles and Captain Kirk advised that they would follow Mr. Hoover's recommendations and that they were satisfied with the present situation of coverage by the FBI. (68-603-261X; 64-4104-36)

On December 22, 1941 the Attorney General forwarded to the Director a proposed Directive for the President's signature to the heads

of the governmental departments and agencies concerned in order to have established definite authority to curb future instances of this type as follows:

> "In accordance with previous instructions the Federal Bureau of Investigation has set up a Special Intelligence Service covering the Western Hemisphere with agents in Mexico, Central America, South America, the Caribbean, and Canada. Close contact and liaison have been established with corresponding intelligence officials of these countries."
>
> "In order to have all responsibility for this type of information in the Federal Bureau of Investigation in this field, I hereby approve this arrangement and request the heads of all governmental departments and agencies concerned with it to clear directly with the Federal Bureau of Investigation in connection with any such intelligence work contemplated within the sphere indicated." (66-8603-299)

The Director, after reviewing this proposal suggested that the following addition be made to the Directive, "The Director of the Federal Bureau of Investigation is authorized and instructed to convene meetings of the chiefs of the various corresponding intelligence services operating in the Western Hemisphere and to maintain liaison with all intelligence agencies operating in the Western Hemisphere". (64-5002-118) The Director believed that by this addition interlopers who might desire to superimpose an unnecessary structure upon existing relationships in intelligence work would thereby be completely estopped.

This memorandum was signed by the President on December 23, 1941 and was closely followed by a subsequent memorandum from the President dated December 30, 1941 in which latter, the President believed that the memorandum of December 23 interfered with work already being conducted by other agencies and requested that the Attorney General, the Undersecretary of State, [redacted] MID and ONI straighten out the program by conference and to then advise him as to whatever was necessary by way of an amended Directive. (66-8603-328) b1 (S)

The Director's viewpoint as to this situation was as before that he felt that operations in Central and South America should be the responsibility of one agency which would have a clear field of operations. [redacted] (S) (66-8603-328). A redrafted Directive signed by the President on [redacted]6, 1942 set up in final form the scope of work and the responsibility for intelligence work in the Western Hemisphere in the Federal Bureau of Investigation as recommended by the Director. (66-5002-127) b1

It was pointed out at the January 21, 1942, Interdepartmental Intelligence Conference when General Raymond E. Lee brought up the question as to what additional steps were to be followed by the FBI in relation to SIS work under this new Directive that the following five immediate steps were to be taken.

1. To call an Interdepartmental Intelligence Conference between the Canadian, British and Americans.

2. To follow this Conference with another for the Mexican, Central and Latin American officials.

3. To increase the Special Agent coverage to 250 agents.

4. To increase the number of radio transmitting stations in South America.

5. The addition of inspectors and couriers to facilitate the transmission of information.

It was also pointed out by Mr. E. A. Tamm at this meeting that a number of agents were presently instructing police schools in Central and South America and that this policy was intended to be continued and expanded. (66-8603-344)

At the January 28, 1942, meeting a "feeler" plan was again brought up by General Miles as to the question of Caribbean defense command in coordination with the undercover system of SIS for Central and South America to tie in with the Army headquarters in Panama under the immediate jurisdiction of General Andrews. Mr. Hoover expressed his feelings to the effect that MID was presently receiving everything in the line of general intelligence from the economic, political, financial and subversive field standpoint under the present system; and to put the Bureau to obtaining combat intelligence and information under General Andrews would be an invasion of a military or naval problem. As a result of this, it was his desire that the division of jurisdiction with the Panama Canal Zone be kept separate and as a consequence, Mr. Hoover did not feel that the SIS could establish this. (66-8603-342)

However, in order to cover this point, under date of February 25, 1942 a new agreement was signed by the MID, ONI and FBI for the coordinating of SIS operations in the Western Hemisphere with particular reference to the Canal Zone problem by inference. This agreement (64-5002-131) merely reiterated the previous Directives by endeavoring to set out the particular fact that close cooperation among the headquarters of the three agencies in all fields was a mutually recognized necessity. It further defined the responsibility for the obtainance of information of particular interest to Military and Naval agencies in times of stress where the information was of a nature closely allied with combat intelligence.

(S) [redacted] b1

(64-4104-167) The Bureau offered to take over the maintenance of this coverage from the Office of Naval Intelligence should that Office so desire, or as an alternative, to completely abstain from coverage in Mexico provided that the Office of Naval Intelligence would take entire responsibility for that area. This was generally protested by ONI and the situation was finally allowed to remain in the status that existed previously. (64-4104-197,204)

b1 [redacted] (S)

b1 [redacted] (S)

b1 [redacted] (64-4104-233,25) In response to the protest of Mr. Hoover as to the inability of the Bureau to operate under this system, Mr. E. A. Tamm took the matter up with Mr. Fletcher Warren of the State Department and Mr. Berle in which this policy was informally modified to exclude the Bureau's activities in SIS.

At the August 19, 1942 meeting of the Interdepartmental Intelligence officers, Major General George V. Strong, Assistant Chief of Staff in charge of the Military Intelligence Division of the War Department discussed an Army program for extending the intelligence activities in Latin America supposedly in matters of military interest solely under the name of the "American Intelligence Command" with general offices set up at Miami, Florida. (64-4104-247) Information as to this point was forwarded by memorandum to the Attorney General with again the Director's recommendation that SIS work and responsibility be placed with the Army who seemed to be once more endeavoring to invade the FBI field contrary to the Presidential Directive.

Once again, in order to cover a prospective jurisdictional conflict on who was to have the responsibility for handling matters such as these, the Interdepartmental Intelligence Conference Committee requested a report from a subcommittee appointed to draft an agreement relative to the SIS program. The purpose was to further strengthen the cooperation between the various intelligence agencies by the issuance of a joint Directive under the delimitation agreement. [redacted]

62-66727-498) (S)

[redacted] (S)

for Special Intelligence operations in the Western Hemisphere in accordance with the Presidential instruction of June 24, 1940, and January 16, 1942, and previous instruction referred to therein, and in harmony with the 'Agreement for Coordination of the Federal Bureau of Investigation, Office of Naval Intelligence and the Military Intelligence Division,' do hereby agree that this agreement supplements all previous delimitation agreements concerning intelligence operations outside of the United States, agree upon the assignment of responsibility, as given in paragraphs II, III, IV, for intelligence coverage in Mexico, Central America, (with the exception of the Republic of Panama), South America, the Carribbean, and Canada. Responsibility assigned to one organization in a given field carries with it the obligation to provide by the most expeditious means possible consistent with requisite security to the other subscribing agencies all pertinent information received in that field, but it does not imply that the responsible agency alone is interested in, or that it only will work in, that field. Close cooperation among the headquarters of the three agencies in all fields is a mutually recognized necessity.

It will also be necessary that close cooperation and coordination exist between the representatives of each of the three agencies assigned at each American embassy or legation in Latin America. Such cooperation should include direct continuous liaison between the legal, military, and naval attaches for a free exchange of intelligence and other information of mutual interest. In view of the fact that these operations envisage intelligence activities of an investigative nature in sovereign foreign countries, it is agreed that the three interested agencies will maintain proper coordination with the American Ambassador or Minister involved, to the end that all American intelligence activities and the American war program in any particular country will not be embarrassed or jeopardized by uncoordinated action. In order for such proper coordination to exist, it is necessary that the legal attache be apprised of the identity and activities of all FBI undercover operatives in each particular country involved; further, that all of the investigative activity and information developed by the FBI undercover operatives be thoroughly coordinated through the legal attache. It is likewise necessary that the identities and operations of any undercover operatives of the American Intelligence Command be known at all times to the military attache in the particular country involved, and that all activities and information developed by such undercover operatives be coordinated through the military attache in each country involved. The above provisions will apply in exact manner with regard to the naval attache in each country involved. It is agreed that neither the legal, military nor naval attache will be called upon to divulge the identity of any undercover operative to any individual or official except in case of most urgent military or diplomatic necessity. It is agreed that any

question relative to any undercover operative or suspected undercover operative should be immediately discussed with the appropriate attache of the particular agency involved prior to any other action. In the event proper adjustment cannot be effected by other means, any question concerning an undercover operative or suspect in the latter connection should be adjusted between the headquarters of the three agencies involved.

"II. MID will be responsible for:

1. A continuation of the work normally outlined for and executed by military attaches.

2. The collection of military information needed by the military forces. To this end, authority to maintain such personnel as the War Department deems necessary for the performance of such duties is recognized.

3. All matters of an intelligence nature, including espionage, sabotage, and subversive activities, involving United States Army personnel.

4. Procurement of information concerning espionage, sabotage, or other subversive activities, on or within United States military areas and/or those other areas controlled, directed, operated or of interest to the United States Military establishment.

5. Furnishing such cooperation and assistance to either of the other two agencies as might be practical and feasible under the circumstances, upon specific request from the particular agency involved. This specific request would include a specific request from the appropriate attache of the particular agency involved.

"III. ONI will be responsible for:

1. A continuation of the work normally outlined for and executed by Naval Attaches.

2. The collection of information needed by the naval forces. To this end, authority to maintain such personnel as the Navy Department deems necessary for the performance of such duties is recognized.

3. All matters of an intelligence nature, including espionage, sabotage, and subversive activities, involving United States Navy personnel.

4. Procurement of information concerning espionage, sabotage, or other subversive activities, on or within United States naval bases and/or those other places of naval interest to the national effort.

5. Furnishing such cooperation and assistance to either of the other two agencies as might be practical and feasible under the circumstances, upon specific request from the appropriate attache of the particular agency involved.

*IV. FBI will be responsible for:

1. The obtaining of the Western Hemisphere, including Mexico, Central America (with the exception of the Republic of Panama), South America, the Caribbean, and Canada, of economic, political, industrial, financial and subversive information, also information concerning movements, organizations, and individuals whose activities are prejudicial to the interests of the United States, by reason of espionage, sabotage, or otherwise.

2. The Federal Bureau of Investigation will be responsible for the furnishing to the Military and Naval services of all pertinent information obtained. b1

3. Conducting surveys in the nature of plant surveys with respect to plants and other facilities vital to the production, manufacture, and transportation of strategic materials for use in behalf of the United Nations' war effort. The latter will include the matter of furnishing technical advisers and instructors to the local governments, industries, and officials, with regard to plant surveys and plant protection matters.

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munitions of war, and other supplies susceptible to military use; unusual assemblies and actions of individuals, organizations or communities; demonstrations of undue friendliness or hostility; undue interest in individuals, organizations, or communities; or other information indicating preparations for or carrying on of open or surreptitious military operations.

3. In periods of predominant military interest, the Assistant Chief of Staff in charge of Military Intelligence (Director of Naval Intelligence) will advise the Director of Naval Intelligence (Assistant Chief of Staff in charge of Military Intelligence) and the Director of the Federal Bureau of Investigation of the nature of information desired from those two services and shall advise the two named Directors of any coverage desired beyond the normal coverage of those agencies. The Director of Naval Intelligence (Assistant Chief of Staff in charge of Military Intelligence) and the Federal Bureau of Investigation will undertake to perform the additional tasks requested in so far as it is practical and possible within the limitations of the facilities available. They will advise the Assistant Chief of Staff in charge of Military Intelligence (Director of Naval Intelligence) of the additional assistance, if any, which they will be able to render, and it will then be the responsibility of Military Intelligence (Office of Naval Intelligence) to take the necessary steps under its own direction to satisfy its own requirements.

(Signed) Gen. Strong

Major General George V. Strong,
Assistant Chief of Staff,
G-2, War Department

(Signed) H. C. Train

Rear Admiral H. C. Train,
Director, Office of Naval Intelligence

(Signed) J. Edgar Hoover

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Hon. J. Edgar Hoover,
Director, Federal Bureau of Investigation"

[redacted]

S)

"1. The undersigned, in order to reduce to writing the basic

principles regarding the operation of a network to locate clandestine radio stations in Latin American countries, agree upon the assignment of responsibility as described in paragraphs 2 and 3 below:

2. MID will be responsible for:

a. The establishment of a network to locate clandestine radio stations in various Latin American countries by lending direction-finding and communication equipment to the several countries concerned, by furnishing technical assistance and by coordinating the stations involved.

b. Disseminating the information obtained to representatives of FBI, ONI and the appropriate agency of the local country.

3. FBI will be responsible for:

a. Taking the action considered most advisable, after conferring with representatives of MID, either by eliminating or operating the cladestine stations that have been located.

b. Keeping representatives of MID supplied with all information that establishes or tends to establish the existence and/or location of any clandestine station, and which has been received by FBI through other means than those described in paragraph 2a.

c. The transmission of such material by an operated clandestine station as is requested by MID.

(Signed) Gen. Strong
Major General George V. Strong,
Assistant Chief of Staff,
G-2, War Department,

(Signed) H. C. Train
Rear Admiral H. C. Train,
Director, Office of Naval Intelligence.

(Signed) J. Edgar Hoover
Hon. J. Edgar Hoover
Director, Federal Bureau of Investigation."

DEVELOPMENTS AND CHANGES

The agreement of December 1, 1942, as to the operation of the network to locate clandestine radio stations in Latin America and the action to be taken upon the information derived therefrom was cancelled by an agreement of February 6, 1943. (64-5002-145) However, the need for a jurisdictional agreement as to this matter was continued by a new agreement similarly dated which stated:

"2. MID will be responsible for:

The establishment of a network to locate clandestine radio stations in various Latin American countries including the West Indies by lending direction-finding and communication equipment to the several countries concerned, by furnishing technical assistance and by coordinating the stations involved.

Disseminating the information obtained to representatives of FBI, ONI and the appropriate agency of the local country.

3. FBI will be responsible for:

Taking the action considered most advisable, after concurrence by representatives of MID and ONI, either by eliminating, operating or leaving unmolested the clandestine stations that have been located.

Keeping representatives of MID and ONI supplied with all information that establishes or tends to establish the existence and/or location of any clandestine station, and which has been received by FBI through other means than those described in paragraph 2a.

The transmission of such material by an operated clandestine station as is requested by MID or ONI.

(signed) Major General George V. Strong
Assistant Chief of Staff
G-2, War Department

(signed) Rear Admiral H. C. Train
Director of Naval Intelligence

(signed) Hon. J. Edgar Hoover
Director, Federal Bureau of Investigation

Considerable confusion existed among the representatives of the intelligence agencies and the Ambassadors in the Latin American field as to the Delimitation Agreement with reference to special intelligence operations in the Western Hemisphere. As a consequence, the Department of State (64-4104-460) furnished a copy thereof to each Ambassador in the Latin American republics on July 19, 1943. The furnishing of such material was pursuant to an agreement between Director John Edgar Hoover, General Strong and Admiral Train on April 30, 1943, in order to clear this confusion.

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In the event any subsequent modifications are made to the agreement transmitted herewith, I will inform you accordingly."

This communication was signed by Assistant Secretary of State Adolf A. Berle, Jr.

In view of this transmittal, the Bureau furnished a brief of a copy of the Delimitation Agreement to all FBI Legal Attaches. (64-4104-63)

On September 15, 1943, a meeting was held of the Interdepartmental Intelligence Conference in the office of Rear Admiral H. C. Train. During the course of this meeting, General Strong brought up the question of the Delimitation Agreement and stated that he wondered whether it might not be advisable to supplement this agreement by some instructions such as, "This agreement is to be a general guide -- despite the agreement it is your job to get along together in the field." He stated the reason he had raised this question was because of the difficulty in Venezuela where it was indicated the agreement was to be set aside; that it had been proposed in Venezuela that the Army investigate only the Venezuelan Army or military matters, the Navy only the Venezuelan Navy and shipping matters, and the FBI all other matters. General Strong stated that a straight line cannot be just drawn dividing the work but that he felt that if the FBI starts an inquiry and the investigation develops military information, the FBI should continue the handling of the case and the same manner of handling cases should be engaged in by other agencies. This situation was brought about by the fact that the Military and Naval Attaches at the American Embassy at Caracas, Venezuela, had begun to initiate intelligence inquiries and investigations without regard to the Delimitation Agreement and as a consequence a protest was lodged by the Bureau in respect thereto.

Admiral Train in response to General Strong's statement stated that he thought General Strong's informal definition of the dividing lines

as to jurisdiction was being carried out everywhere. General Strong indicated that it was except in Venezuela. It was the Director's opinion after such statement that he believed the agreement was working marvelously and that the only trouble which had arisen in connection with it was in the one instance of Venezuela which could be cured by sending out a "trouble shooter". It was agreed by the conference thereupon that no change would be made in the Delimitation Agreement but that should instances of difficulty arise in the future a "trouble shooter" would be immediately sent out from Washington.

During the summer of 1943, the War and Navy Departments formulated a plan whereby the headquarters of their intelligence setup would be stationed at Guatemala City, Guatemala, which would be responsible for all of the Central American countries. The Military Attaches in Costa Rica, San Salvador, Nicaragua and Honduras would be subordinate thereto. As for the naval situation, a similar plan of centralization in Guatemala City was proposed.

In response to this proposed reorganization, informal inquiries were made as to the possibility that the Bureau's SIS setup would be similarly reorganized. (64-4104-491)

The Bureau recognized that this reorganization might work for the limited inquiries coming under the jurisdiction of the War and Navy Departments with respect to the Delimitation Agreement but believed that the system would not work for the Bureau's SIS organization due to the varied problems of espionage, sabotage and subversive activities which confronted each Legal Attache in each country, and as a consequence, it was decided on September 13, 1943, that the Bureau would not reorganize its SIS system to establish such a headquarters of central information at Guatemala City.

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[redacted] (S)

In connection with this agreement, a problem has now arisen which I think you may wish to cover by clarifying instructions to your people in the field.

The Delimitation Agreement of April 30 recognized that the FBI would obtain 'economic, political, industrial, financial, and subversive information'. I think the context makes it clear that this

"was information as it might relate to subversive movements. It has, however, generally been interpreted in the field as putting the Legal Attaches under the duty of reporting generally on all economic, political, industrial, and financial matters in the country in which they act — which reporting, of course, almost exactly duplicates the precise reporting functions of the Embassy. The result has been a very considerable amount of unnecessary effort. I mention by way of example a report transmitted to the Department under date of October 16, 1943, entitled 'Re: Strategic Minerals of Brazil'; another transmitted under date of October 14, 1943, entitled 'Mining Survey, State of Bolivar, Venezuela'; and a third transmitted under date of October 14, 1943, entitled 'Re; Presidential Cabinet of Colombia, August, 1943'. These are merely current illustrations.

I think that you will readily realize that the most exhaustive general economic studies of Brazil have already been made both by the staff of economic experts attached to the Embassy for that purpose, and by the Office of Economic Warfare. The same is true of the subject matter of the other two reports. My point is not that the reports do any damage, but that they add nothing to the discussion since they are merely non-expert repetition of data already collected by experts. You will readily realize, also, that a report on the new organization of the Colombian Cabinet by President Lopez merely covers in general fashion ground which the political reporting section of the Embassy had worked up on the basis of material they had been gathering for years. Again, no harm is done save that of considerable waste of effort.

It is thought that you may wish to clarify the field instructions so that the men report on economic, political, industrial, and financial matters only when they relate to subversive or espionage activities.

There is an added reason why it might be well to cut down on all unnecessary effort. It is increasingly plain that operations like the one you have been carrying on have been accepted by our American neighbors only because they are part of continental defense. As the necessity for the defense recedes, there is increasing pressure for the withdrawal of these staffs. I think we have to assume that, now that the tide of war no longer threatens the Hemisphere as directly as was the case some time ago, the sound program should be one of orderly reduction save in those cases where there are active problems of subversive activity. If some of the duplicative work is eliminated, the reduction can take place without interfering with necessary work.

To the extent that information received in these reports is useful to the FBI by way of background, it can probably be provided to you without difficulty through the State Department.

A number of Foreign Service Officers to whom I have talked express the opinion that there is a definite place for Legal or Civil Attaches

"in our missions even during times of peace. I would like to see this attitude continue, and believe it will; and close cooperation in defining the fields of reporting will, I think, be of help.

Any instruction which you may desire to issue to the Legal Attaches clarifying the meaning of the Delimitation Agreement will assist in this respect."

On October 27, 1943, this communication was acknowledged and answered as follows:

b1 (S)

I have noted very carefully your comments and observations with regard to the possibility that some of our Legal Attaches may be duplicating to some extent the functions more properly assigned to the American Embassies proper or to other governmental agencies having representatives attached thereto.

I am sure you will recall that all along I have very definitely and clearly insisted that there be a clearcut, specific delineation of jurisdiction and responsibility in order that there will not be any unnecessary duplication in so far as our foreign intelligence activities are concerned. I can assure you that I am most anxious to avoid any unnecessary duplication, not only because of the fact that I basically disapprove any unnecessary duplication or division of responsibility, but also because of our many pressing duties and responsibilities in the FBI, which, of course, mean that our need for all available investigative and clerical personnel is such that we certainly do not have any time to spend performing duties that could or should be performed by other governmental departments or agencies.

I want you to know that I have today, by way of reiteration and clarification, issued instructions to all FBI Legal Attaches that they are in the future to refrain from obtaining or reporting in any manner whatsoever any information or data pertaining to economic, political, industrial, and financial matters, unless such information relates specifically and directly to subversive activities, including espionage or closely related matters. I am sure that if there has been any slightest tendency on the part of any FBI Legal Attache or other Special Agent assigned in a foreign country to undertake any activity with respect to matters not clearly and specifically related to subversive activity or espionage, these supplementary instructions will clarify the matter. I have also instructed that there be very close supervision with regard to this phase of our work in order to insure that in the future our Legal Attaches and other personnel assigned in foreign countries will concern themselves exclusively with subversive activities and closely related matters.

"I have noted that you refer in your letter to three reports furnished by the FBI to the State Department, and comment to the effect that these reports are in the nature of unnecessary duplication.

I am sure you will recall the highly important investigative work being performed by FBI representatives throughout Latin America concerning the smuggling of vital strategic materials to enemy countries, which work, we have been assured both by officials of the State Department and by representatives of the Office of Economic Warfare, is most necessary and urgent. The smuggling of strategic materials, such as industrial diamonds, platinum, et cetera, to enemy countries via neutral shipping, is believed to be strictly in the nature of subversive activities, particularly inasmuch as we know from our investigative efforts that this activity is being carried on by the same enemy agents who are engaged in other types of activity in behalf of the enemy, such as espionage. In direct connection with the investigation of these matters in Venezuela, which country, as you will recall, produces an important quantity of industrial diamonds of high quality, as well as certain other strategic materials being smuggled to the enemy, the Legal Attache obtained from a confidential source the report which we transmitted to you on October 14, 1943, entitled 'Mining Survey, State of Bolivar, Venezuela.' This report, as you will note from my letter of October 14th, was prepared in 1942 by a Venezuelan official for the Ministry of Fomento in Venezuela, and it deals with many pertinent details concerning the production of strategic materials that we know are being smuggled to the enemy from Venezuela and elsewhere in Latin America. The report in question was of considerable interest and importance to the Legal Attache and to this Bureau in connection with its investigation of smuggling by enemy agents. Copies of same were furnished by the Legal Attache to the American Embassy in Caracas, Venezuela, and also to the Military, Naval, and Commercial Attaches, as well as to the representative in Caracas of the Office of Economic Warfare. It was furnished to the FBI in Washington, D. C., and, in accordance with our usual practice, was furnished to the State Department as being of possible interest and value. In the latter connection, I have previously instructed that care be exercised to see that all information of potential interest or value to the State Department, obtained by our representatives, be promptly forwarded.

You will also note that the report which you mention in your letter, entitled 'Re: Strategic Minerals of Brazil' and transmitted to the State Department under date of October 16, 1943, is very similar in nature to the above described report from Venezuela, inasmuch as it likewise deals with the production, et cetera, of strategic minerals and other material in Brazil which we do know to be of vital interest to enemy agents in connection with smuggling activities. This report also was obtained from a confidential source and is, according to our information, quite reliable. It definitely was of interest and importance to the Legal Attache and his staff in connection with smuggling activities of enemy agents, and it was distributed, as of possible

*interest, to the State Department and other agencies, both at Rio de Janeiro, Brazil, and Washington, D. C.

The other report mentioned in your letter is the one entitled 'Re: Presidential Cabinet of Colombia, August, 1943,' which was transmitted to you by the FBI on October 14, 1943. This report likewise was obtained from a confidential source, believed to be completely reliable, and was furnished, first, to the American Embassy in Bogota, Colombia, as well as to the Military and Naval Attaches. It will be noted from an examination of the report that it contains information believed by the Legal Attache to be of considerable importance with respect to the alleged plans of President Alfonso Lopez to carry out certain reorganizations and changes with regard to the police system, as well as in other fields. While the information contained in the report was primarily of interest to the Legal Attache and to the FBI in connection with the police situation in Colombia, particularly the attitude and background of the new Director General of National Police, Alfonso Araujo, it will be noted that it does set forth information of an intelligence nature with regard to the backgrounds of certain other Colombian cabinet officials as to Communistic or possible German connections, et cetera.

I did want to point out to you that the information contained in each of the three reports was of interest and value to our Agents in connection with their investigation of subversive activities and closely related matters. If there was any duplication, we were not aware of it, inasmuch as this information was not available to us from any other governmental department or agency. The reports were distributed to the State Department as of possible interest, in accordance with our usual practice. However, I do realize fully that there may be instances in connection with which individual Legal Attaches or other Special Agents may have a tendency toward undesirable duplication, and, as indicated above, I have issued instructions which I am sure will completely clarify the matter.

I have also noted with real interest your comment concerning the possibility of reducing our coverage and investigative activity throughout the Western Hemisphere, in view of changed world conditions. I have of course realized for the past several months that our Military and Naval victories in African and Mediterranean theaters, as well as elsewhere, have materially reduced the threat of any enemy invasion upon the mainland of this Hemisphere. These changed conditions with regard to the over-all picture of the war have, of course, in my opinion, altered considerably the nature and potency of the danger from an enemy 'fifth column' in Latin America. As I advised you orally today, I have already anticipated the possibility of a material reduction with respect to the FBI coverage throughout the Western Hemisphere and, as a matter of fact, some time ago I issued instructions to the effect that there would be no further addition, in the way of personnel, to our coverage in Latin America. I have also previously sent instructions to all of our Legal

"Attaches throughout the Hemisphere to survey their work and the local situation and conditions carefully, in view of the changed world picture, so that we might determine just how much we can safely reduce personnel engaged in this phase of our operations at the present time. Further, in this connection, you will be interested to know that we are already reducing personnel assigned to this project and, as a matter of fact, approximately fifty Special Agents are already under instructions to return to the United States in furtherance of this reduction and curtailment.

In line with my conversation with you today, I am issuing additional instructions with regard to a further survey and study of conditions as they actually exist from day to day, in order that we can determine upon such further reduction as may be deemed safe and practicable.

I know that you must realize how anxious I am to reduce the amount of Bureau personnel assigned to this phase of our work as soon as it is possible to do so, inasmuch as this personnel is urgently needed at the present time with regard to our other duties and responsibilities in connection with the war effort. In the latter connection, I am sure that you realize the position of the FBI, inasmuch as we are only following the desires of the State Department in regard to this entire foreign intelligence project. The FBI did not solicit in any way this type of assignment, and should it become the desire of the State Department at any time that we do so, you may be sure that we would be very glad to withdraw from this field of operations altogether."

As a result of this situation, the Bureau immediately instituted a reduction and retrenchment program of its personnel in Latin America inasmuch as the reporting of political, economic, financial and social matters was immediately discontinued. (See section on Growth of Coverage).

On March 17, 1943, Assistant Director E. A. Tamm had a conference with Assistant Secretary of State Adolf A. Berle, Jr. concerning the situation. Mr. Berle stated that he was receiving a number of inquiries from American Embassies in Latin America (64-5002-163) concerning the Bureau's withdrawal of SIS personnel and displayed wires from several Ambassadors (at Santiago, Chile and La Paz, Bolivia) concerning the matter and that there must be some misunderstanding since the State Department did not desire that the Bureau abandon its Latin American coverage on a wholesale scale. At this time, Mr. Berle stated in effect that his letter of October 25, 1943, was a mistake and that he desired to "withdraw" such a letter and cancel it on the State Department's records.

Assistant Director Tamm advised him that the Director could not accept the widespread responsibilities conferred upon the Bureau by the Delimitation Agreement in the SIS field in the light of the criticism of the Bureau's operation.

As a result of this situation, on December 27, 1943, the State Department revoked its policy as expressed in the letter from Mr. Berle of October 25, 1943, whereupon the SIS Section resumed the reporting of social, political, economic and financial information. However, such resuption coverage was based upon the reduced personnel without implementing SIS's staffs in Latin America to their previous point. In connection with this interchange of letters, it is interesting to note that the State Department at no time advised its Latin American Embassies of the withdrawal of the Bureau from the coverage of these matters or of the subsequent renewal of such coverage.

On September 20, 1944, informal and confidential suggestions were received by the Bureau from Mr. Fletcher Warren, of the State Department, that the Bureau again cease the distribution to the State Department of political information and that every effort be made to show a substantial reduction in Bureau personnel assigned to the various diplomatic missions in Latin America.

United States Ambassador George Messersmith had pointed out why the Bureau's SIS personnel should be immediately discontinued when Germany is knocked out of the war. He summarized the salaries paid to all Bureau personnel as compared with salaries received by officers in the foreign service and showed that the sums were excessive as against the results obtained. He pointed out that the work of the Bureau was duplication in the simplest form with reference to political reporting. A large bloc of foreign service officers at the State Department and in the field were bent upon having the Bureau expelled from Latin American and other posts immediately upon the termination of the war in Europe.

According to this confidential information received, the Bureau was in part unknowingly assisting the opposition by submitting political information and thereby unknowingly building up a record so that at the proper time the opposition could launch an avalanche of complaints sufficient to sway the top officials of the State Department which would result in a request from the White House that the Bureau cease all SIS operations in Latin America and countries to which Legal Attaches are assigned. As a result of this information, a radiogram was sent to all Legal Attaches on September 21, 1944, instructing them to discontinue the investigation and distribution of political information to the State Department and a program of retrenchment in Bureau personnel assigned in the various diplomatic missions in Latin America was instituted.

With reference to the distribution of political information, the Bureau advised Rear Admiral R. E. Schuirman, then Director of Naval Intelligence, and Major General Clayton Bissell, Assistant Chief of Staff in charge of G-2, (Military Intelligence Division) that the Bureau was no longer investigating political matters to any extent due to the attitude of the State Department, but that the Bureau, of course, had sources which do furnish important information.

They were further advised that the Bureau would furnish them with political information received through these sources on a confidential basis so that they could be personally advised regarding the important happenings in Latin America. It was expressly understood that they would not redistribute this material or discuss it with the State Department as being based on the Bureau's data.

Such an arrangement, however, presented the possibility of political matters of an important nature becoming available to the Army and Navy but not the State Department and subsequently disclosure of failure to supply the State Department with this information with resulting embarrassment for the Bureau. Accordingly, on April 2, 1945, instructions were issued to all Legal Attaches to resume the distribution and investigation of political matters on a selective basis. Thereafter we resumed furnishing political reports to the State Department in Washington.

F. LACK OF COOPERATION

The files are replete with various memoranda concerning the lack of cooperation encountered by the Bureau in its SIS program from various Governmental Agencies and to a lesser extent from the British. No attempt will be made hereinafter to record chronologically every instance of the lack of cooperation encountered by the Bureau in its SIS work. The majority of the instances, as appropriate memoranda will reflect, resulted from jurisdictional clashes and disputes. It can be generally stated that the Army, through its various Military Attaches and Assistants thereof, contributed the greatest number of instances involving lack of cooperation. These instances, by and large, followed a rather definite pattern. Namely, the particular Military Attache or other officer involved insisted upon engaging extensively in duplicatory intelligence work without proper coordination with the Legal Attache and invariably indicated that such action had been specifically ordered from MID headquarters in Washington.

The practice was so universal it became obvious that the Military Attaches in most instances were actually carrying out orders received by them from MID in the United States although there was some variance locally in the interpretation of such orders. Military Attaches generally placed a very loose interpretation and construction upon the terms of the various Delimitation Agreements toward the end of permitting a Military Attache to engage in just about any type activity without regard to the Legal Attache or other officials that might be directly responsible for such activity.

In the overwhelming majority of instances, the difficulties encountered were adjusted either locally or in Washington without the creation of major incidents of disagreement and friction. It is true that frequently these so-called agreements proved to be more or less agreements for agreements' sake, however, by constant alertness and vigilance in protesting, etc. the Bureau did manage to keep the situation more or less satisfactorily under control.

There will be recorded briefly hereinafter certain of the more important instances of conflict and lack of cooperation in order to trace the general pattern and also to record those instances which historically caused the most difficulty and are most aptly recorded in a historic narrative of this kind.

Immediately following the establishment of the Bureau's SIS in 1940, General Sherman Miles, then Assistant Chief of Staff in charge of MID, insisted upon establishing in New York an under-cover office to maintain contacts with American firms doing business in Latin America for the specific purpose of obtaining from the representatives of such firms intelligence information

of a general nature alleged by General Miles to be needed by the Army. (66-5424-2407) Numerous conferences took place with regard to this matter and satisfactory agreement was never reached. The Director finally took the position that he definitely could not agree with the premise that MID was properly acting within its prerogatives in carrying on this type activity but inasmuch as General Miles finally and interminably insisted that MID was properly acting within its jurisdiction, he, the Director, would merely cease to protest with the reservation that the Bureau did not and would not ever agree to the position taken by General Miles. Probably due to this adamant stand on the part of the Director, General Miles and MID, as a matter of actual fact, never pushed this program appreciably and within a few months the entire plan more or less died a natural death. Subsequently in 1942, MID created a separate branch to handle intelligence matters in Latin America partially on an undercover basis. This organization was known as the American Intelligence Command. It was originally headed by Colonel William Herd and its headquarters were located in Miami, Florida. Some efforts were made by this Organization to send undercover representatives into Latin America without any coordination whatsoever with the Bureau and in some instances, it was determined their undercover people were not even properly notified to and coordinated with MID's own Military Attaches. The greatest difficulty encountered from Colonel Herd and his organization, however, was in the realm of objectionable instructions issued by Colonel Herd to the various United States Military Attaches in Latin American countries. (64-4104-247)

The Military Attaches were generally bombarded with an endless series of directives, etc. from the American Intelligence Command instructing them to engage in all types of intelligence activity without regard to the true prerogatives of the Legal Attaches or anyone else. This activity resulted in a continuing series of protests, discussions and negotiations with MID in Washington to such an extent that the American Intelligence Command was finally curbed on a reasonably satisfactory basis. The headquarters were during 1943 moved back to Washington, D. C. and the entire organization eventually ceased activities as a separate entity of MID during 1944.

Most of the difficulty encountered with MID representatives generally as a result of Colonel Herd's activities or otherwise centered in Argentina. Brigadier General John W. Lange, the United States Military Attache in Buenos Aires from 1941 until 1945 was extremely uncooperative and frank in declaring his complete disregard for the Delimitation Agreement in so far as its provisions limiting in any way his extensive intelligence activities. General Lange had created an intelligence organization somewhat extensive as to personnel and informant coverage prior to the advent of the Bureau's Legal Attache in Argentina during May of 1942. General Lange proceeded to investigate espionage and subversive activities generally on a wholesale basis without any coordination with the Bureau's Legal Attache. This, of course, resulted in much confusion and general duplication in so far as

the two organizations were concerned. General Lange's lack of cooperation and disregard for the Delimitation Agreement resulted in a number of protests, etc. to the Headquarters of MID in Washington, most of which had little, if any, effect. However, on February 8, 1944, General Lange's continued lack of cooperation resulted in a conference between Messrs. E. A. Tamm and C. H. Carson of the Bureau and Major General Clayton Bissell who was then head of MID. General Bissell promised to look into the matter and to definitely see that General Lange was straightened out and that he complied with a proper interpretation of the Delimitation Agreement. While his subsequent activities in Argentina were far from satisfactory, he did apparently make some effort to at least coordinate his activities with those of the Legal Attache and to keep the latter advised concerning his major investigations. Protests with regard to his activities continued until his transfer from Argentina in 1945.

Generally speaking very little difficulty was encountered from Naval Attaches and their various assistants throughout Latin America by the Bureau's SIS. Also as a general rule, it was discovered that such incidents as did occur were rather easily adjusted on a satisfactory basis. As a matter of fact, United States Naval Attaches throughout Latin America became increasingly inactive and passive in the field of intelligence of primary interest to the Bureau following American and British landings in North Africa late in 1942. Their staffs were reduced to the minimum and they characteristically depended upon, almost entirely, the Legal Attache for intelligence information of all kinds except matters of direct naval interest which they obtained through direct contact with Naval Officials in the country involved.

There was one instance worthy of mention during 1942 involving a [redacted] stationed at Recife, Brazil, who persisted in flagrant attempts to uncover, embarrass and neutralize an FBI Undercover Agent [redacted] stationed in this area. The activities of this Commander, acting for the United States Navy, were particularly unfortunate inasmuch as the Bureau was not in a position to defend itself or its undercover agent because of the latter's undercover status which we did not want to admit openly to [redacted] The matter was finally satisfactorily adjusted when the Bureau was able to transfer [redacted] and to establish on a satisfactory basis an Agent in the American Consulate at Recife, Brazil. [redacted] subsequently proved satisfactorily cooperative with the duly accredited and authenticated Agent in the American Consulate. (64-3000-315, 316) b7C

Mention should also be made of ONI's direct and blanket refusal to furnish to the Bureau the text of decoded German espionage messages sent clandestinely from Argentina to Germany on December 20, 1943. This refusal on the part of the Navy was predicated by Admiral R. E. Schuirmann upon the premise that ONI was not itself decoding the messages, but were obtaining them [redacted] (62-66727-1094) (S) b1 b7D

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Since the FBI had been given complete responsibility for intelligence coverage in the Western Hemisphere,

(S)

[redacted]

(S) [redacted] 64-4104-456)

(S) [redacted] b1

On November 1, 1943 (62-6442-7-751), Major General George V. Strong, head of MID, advised the Bureau of a new charter granted

[redacted] b1

(S) [redacted]

(S) [redacted]

(S) [redacted]

The Federal Bureau of Investigation of the Department of Justice has been directed by the President to handle all intelligence investigations within the Western Hemisphere other than those matters assigned to the intelligence branches of the Service forces. This would seem to negate any thought that the President desires any other agency to operate in the intelligence field in the Western Hemisphere, aside from the strictly military and naval functions assigned to the military and naval attaches under existing practice. From the point of view of the Department, the arrangement prevailing, which it is understood the new directive is not designed to disturb, has worked satisfactorily and probably will be even more satisfactory as present plans for preventing duplication are increasingly effective.

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Paragraph 4. Research and Analysis — 'To accomplish the foregoing no geographical restriction is placed on the research and analysis functions.'

Section a — 'Accumulation.' A fair interpretation of the word 'accumulation' would also imply the meaning 'obtaining'; therefore, this section would seem to negate the restrictions contained in paragraph 3a which provides that the

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Paragraph 5. Secret Operations — The term 'Neutral areas' is understood not to include the Western Hemisphere except by special arrangement with the Department.

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The Department would be grateful if you would confirm whether these constructions are correct."

As a result of the above clarification, no difficulty was experienced by the Bureau in connection with the above described Directive by the Joint Chiefs of Staff.

G. POST-WAR PLANS FOR FOREIGN INTELLIGENCE COVERAGE

As the war drew to a close and even before this time, the Bureau had engaged in careful consideration of proposed plans concerning post-war foreign intelligence coverage. It was, of course, virtually impossibl to complete any detailed plans of operation due to the extreme un-

certainty of the Bureau's status in the foreign intelligence field

[redacted] b1 (S)

newspaper publicity. The actual text of [illegible] as well as the text of a similar plan proposed by the Joint Chiefs of Staff were published in the Washington Times Herald, the Chicago Tribune and the New York Daily News by a Washington correspondent of the Chicago Tribune. This publication resulted in considerable publicity concerning the various plans and ramifications thereof.

The various plans submitted will be set forth and discussed briefly hereinafter in the chronology in which they were presented:

1. Budget Bureau Plan (62-76274-266)

This plan for United States Secret World-Wide Intelligence Coverage, after setting forth that present methods of coordinating intelligence information and the work of the intelligence agencies of the United States Government are inefficient, costly and result in triplication of effort, sets up a scheme for an Interdepartmental coordinating body, composed of Assistant Secretaries of State, War, Navy, Treasury and the Assistant Attorney General. The Assistant Secretary of State would be the chairman of the group. Sub-groups, or representatives from various agencies concerned, would be set up at each "type or locus of operation" which would be charged by the top group with developing detailed operating plans. The thesis of both the criticism of present conditions and of the operating plans appears to be found in this statement, "In some measure the participation of every agency of the Government is an essential feature of complete security, particularly as regards espionage." Under the plan set forth, each agency would continue to operate in its particular field by clearing through the coordinating agency.

In this plan it is pointed out that legislation already exists giving the various agencies the necessary powers to operate within their particular fields and that no additional legislation would be necessary to put their proposed plan into operation. The Bureau of the Budget attached a suggested agreement by the agencies to effectuate the proposed plan. In the plan under the heading

"Conclusions and Recommendations," it is stated, "There is a growing conviction that our internal security cannot be viewed apart from the external influences affecting it." The essence of the plan is that all agencies of the Government should be included in the plan and that one coordinator or "czar" is not practicable. It is also claimed that the "committee device" is not effective, apparently referring to the Inter-Departmental Intelligence Committee. In the plan it is suggested that any group organized to develop a Government-wide plan must be charged with a definite responsibility, and representation from the Departments must be on a sufficiently high level to permit delegation of power and authority, and it is pointed out that the State Department would appear to be the "locus of coordination."

The suggestion is made in the plan that a sub-group of the main body comprised of representatives from O.N.I., M.I.S., the FBI and the State Department should be charged with developing a plan to coordinate and delegate the operating responsibilities and the counter or security intelligence field. This group should be expanded to include agencies such as S.E.C., Alien Property Custodian, Foreign Funds Control, et cetera, and if the work encompasses "a coordination of preventative or loyalty type of investigation," there should also be included the Civil Service Commission, the various agencies in the Treasury Department, the Provost Marshal General, the Coast Guard, and others.

The Bureau of the Budget also stated that another primary sub-group should be formed, possibly composed of the Provost Marshal General, the Security Division of the Navy and the FBI (as liaison with local and state police), Customs, Immigration, Coast Guard, Visa and Passport Divisions of the State Department, et cetera, to deal with emergency plans in connection with national catastrophes, riot, insurrection, et cetera.

It would seem that the plan inherently did not touch the main problem, i.e., intelligence coverage, in that it would tend to decentralize responsibility and would provide for maintaining intelligence information by various agencies operating in various fields, instead of a central responsible agency.

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2. Plan Proposed by
General William J. Donovan (62-76274-75)

[redacted] (S)

This agency would be free of any Departmental control. However, it

would have an advisory board consisting of the Secretaries of War, Navy and State, and such others as the President may appoint whose duties are to be merely to furnish advice and assistance to the director of the agency. The agency would have the power to set up its own world-wide intelligence organization or to operate through other Governmental organizations.

This agency would be empowered to call upon any other agency of the Government to furnish appropriate specialists as may be required. This plan provides for a super-agency which would be empowered to function without any reference to Departmental authority, jurisdiction or responsibility. The existing Departments, charged by statute with specific responsibilities, would necessarily overlap and duplicate the intelligence-gathering function of the proposed agency in connection with discharging these responsibilities. It would seem, therefore, that there would be increased duplication and confusion in this field. If the new agency chose to operate in any specific field through an existing intelligence organization, it would be authorized to direct the activities of the organization without reference to the statutory Departmental head.

The power granted this agency to draft personnel of the existing agencies of the Government, to operate at will in fields assigned by statute to existing agencies, and to direct the activities of such agencies would seemingly create tremendous problems of administration, morale, legal disputes, and would seem to endanger the operations of the normal functions of the regularly constituted agencies. It would also seem that this plan would require a tremendous amount of preparation, training and augmentation, as well as tremendous expenditures which would constitute a target for legislative bodies and budget-making groups.

3. Plan Proposed by the Joint Intelligence Committee of the Joint Chiefs of Staff (62-76274-75)

Essentially, the plan for United States Secret World-Wide Intelligence Coverage, submitted by the Joint Intelligence Committee of the Joint Chiefs of Staff, is the same as that proposed by General William J. Donovan, in so far as Intelligence Authority, composed of the Secretaries of State, War and Navy, and the Chief of Staff to the President, to be charged with the responsibility for over-all development, coordination, planning and inspection of Federal intelligence. b1

[redacted] The existing [redacted] (S)

intelligence agencies would continue to collect, evaluate, centralize and disseminate Departmental operating intelligence but would be required to make the intelligence information collected available to the central intelligence agency.

The agency would be empowered to operate direct or through the existing Governmenatl agencies and to draft specialists from any of the agencies of the Government. An added power would be given to inspect the organization and operations of any other existing intelligence agency.

4. The FBI Plan (62-76274-75)

The plan drawn up by the Bureau proposed that the time-proven program in operation in the Western Hemisphere be extended on a world-wide basis. This program is as follows:

The joint operation would be carried on in every country of the world except those which are active theaters of operation of the Office of Military Intelligence, the Office of Naval Intelligence, and the Federal Bureau of Investigation, each as a specialist in its own field and able to operate without duplication of effort. These agencies would closely correlate and coordinate their operations to insure complete coverage. This plan would not call for any super-structure, but would operate with the same committee as originally set up by the President, composed of the Directors of Military Intelligence, Naval Intelligence, and the Federal Bureau of Investigation, with the addition of a representative of policy-making rank for the State Department. There would be stationed in each country a Military Attache, a Naval Attache and an FBI representative, with a nominal title such as Legal Attache. Each of the three Attaches would have clearly defined responsibility, as previously outlined in the Western Hemisphere and each of these attaches would have a sufficient number of open personnel upon its staff to permit proper gathering, correlation and transmission of information. Each Attache would operate such an undercover organization as would be necessary to properly discharge the defined responsibility under all of the circumstances existing in a particular country.

Undercover agents operating on special assignments would function each directly under attaches or direct from the Washington headquarters of the three intelligence agencies. This plan had proved its effectiveness, was already in operation, required no elaborage super-structure, and the interested agencies have available trained personnel and operating facilities for recruiting, training and dispatching additional personnel. The plan is simple. It could have been placed into operation by merely extending the orders previously given to the Directors of Military Intelligence, Naval Intelligence and the Federal Bureau of Investigation for operation in the Western Hemisphere. It had produced in the Western Hemisphere in

three years a maximum amount of information with a minimum amount of operating personnel and expense because it was confined to those agencies which are responsible for security activities. It would involve no divorcement of operations from policy and it would tend to greater secrecy than an elaborate set up involved in a super-agency.

H. [redacted] (S)

1. Presidential Directive (62-80750-1)

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A careful study and comparison of the above described plans will reflect that the plan proposed by the Joint Intelligence Committee under the auspices of the Joint Chiefs of Staff recommended the formation of "The National Intelligence Authority" composed of the Secretaries of State, War and Navy and the Chief of Staff of the President. [redacted] (S)

In January, 1946, a proposed executive order was prepared establishing a National Intelligence Authority, which was submitted to the Attorney General and by him to the Bureau for comment. By memorandum of January 15, 1946, the Bureau advised the Attorney General that in the event that the Attorney General felt that the executive order should be approved, it would appear apparent that a number of changes and clarifications should be made in it in order to protect the jurisdiction and interests of the Department of Justice and the Federal Bureau of Investigation. It was pointed out to the Attorney General that the proposed directive was broad enough to include domestic intelligence in that it referred to national security. It was suggested that the directive should be clarified so it clearly did not include internal security jurisdiction which belongs to the Bureau. b1

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The above provisions were opposed by the Bureau. After further conferences by the Committee which prepared the draft and after the comments of the Bureau were made known, the directive was revised and issued by the President on January 22, 1946, as follows:

To The Secretary of State,
The Secretary of War, and
The Secretary of the Navy.

1. It is my desire, and I hereby direct, that all

Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security. I hereby designate you, together with another person to be named by me as my personal representative, as the National Intelligence Authority to accomplish this purpose.

(S) [redacted] b1

(S) [redacted]

a. Accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your Departments.

b. Plan for the coordination of such of the activities of the intelligence agencies of your departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.

d. Perform such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.

4. No police, law enforcement or internal security functions shall be exercised under this directive.

5. Such intelligence received by the intelligence agencies of your Departments as may be designated by the

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6. The existing intelligence agencies of your Departments shall continue to collect, evaluate, correlate and disseminate departmental intelligence.

[redacted] (S) (S) b1

9. Nothing herein shall be construed to authorize the making of investigations inside the continental limits of the United States and its possessions, except as provided by law and Presidential directives.

[redacted] (S)

Sincerely yours,

(signed) Harry S. Truman

(S) [redacted]

designated as Bureau representatives on this Planning Group. This was confirmed by letter from the Secretary of the CIG dated April 12, 1946.

2. Determination of Responsibility for Foreign Intelligence

[redacted] b(S)

The second recommendation in this proposed report provided for the FBI to continue its intelligence coverage in the Western Hemisphere and to expand to cover anti-subversive intelligence on a world-wide basis, subject to the arrangement which might be agreed upon in a new Delimitation Agreement to be drawn up between the FBI, G-2 and ONI. Mr. Ladd attempted to have eliminated the phrase, anti-subversive intelligence, but was not able to do so. It was pointed out by Mr. Ladd in a memorandum to the Director on April 18, 1946, that in accordance with the first recommendation in the proposed draft which called for gradual transfer of the X-2 Branch of OSS to the FBI, the Bureau would under the second recommendation assume jurisdiction for espionage activities and the new Delimitation Agreement could provide for the Bureau assuming similar responsibilities to that which it at that time had in the Western Hemisphere. The Committee unanimously recommended that the report be submitted to the Intelligence Advisory Board. (62-80750-74)

On April 19, 1946, the Executive Conference of the Bureau considered the question of whether the Bureau should undertake the operation of a world-wide intelligence coverage as recommended in the above-referred-to report. The majority of the Bureau officials present at the conference recommended that the Bureau accept this responsibility. The minority composed of Messrs. Tolson and Tamm were of the opinion that the Bureau should not undertake this coverage.

The Director made the following comment on the matter: "I share the minority view and think we should not take on the Foreign Intelligence and only handle Western Hemisphere for time being. I have so advised AG and he wishes to speak to President before finally deciding." H. (62-80750-74)

By memorandum dated May 6, 1946, Mr. Donald C. Cook, Executive Assistant to the Attorney General, advised that the Attorney General was of the opinion that it would be undesirable to accept additional responsibilities in the Foreign Intelligence Field. He added that "However, if it is suggested that, in view of the Department's available facilities, rather than as a duty to participate in the Intelligence Program, the Attorney General believes that we should participate." Mr. Cook added that the Attorney General felt that in any event, the Department should

request that a program outlining the nature and extent of its participation be submitted before any final agreement was reached. (62-80750-71)

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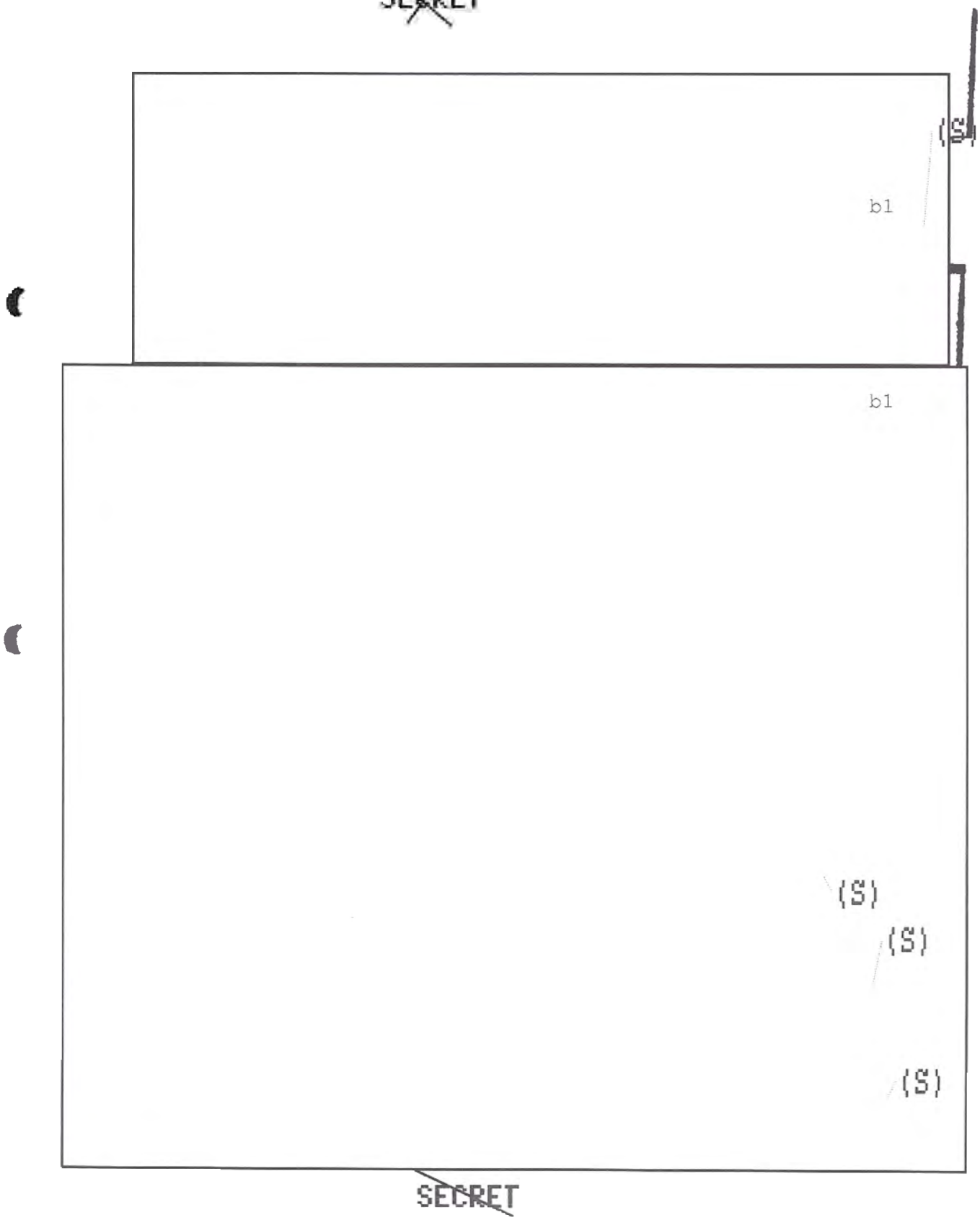
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The Director commented as follows on this provision: "What is to be the purpose of this? It looks like just another 'position' being created. I thought Souers was supposed to do this. The way this appears there is going to be more 'brass' and FBI will be submerged more and more." H.

Concerning the whole program, the Director commented as follows: "There is no use providing for FBI to take over or assume world-wide intelligence coverage for we are not going to do it. The most I will agree to now is to stay in Western Hemisphere for one year. I am more and more certain that this is a project we must get out of. The trouble we had in Germany; Japan; and refusal of Souers to supply us with daily Intelligence Survey; and Inglis' protest to American Magazine article based on an agreement entered into with British unbeknown to us -- all tend to show what a headache we would have. We would be carrying most of the work with none of the full authority to get it done properly." H. (62-80750-59) b1

3. [redacted] (S)


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In the same letter, the comment in General Vandenberg's letter of July 2, concerning support by the NIA for the Bureau's 1947 budget requirements, was referred to. It was stated that these funds were sought prior to the time that any plans had been made to establish an Operations Unit under the NIA. It was further stated that the National Intelligence Authority contemplated the establishment of an Operations Unit, the Director would not have planned to have the Bureau remain active in this field in the Westhern Hemisphere. (62-80750-105)

On July 11, 1946, Mr. Ladd discussed with Mr. Jack Neal of the State Department, the Latin American intelligence situation. Mr. Ladd pointed out that when we agreed to stay in South America for the 1947 fiscal year, the NIA did not have an operating agency. General Vandenberg had then indicated

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b1 [redacted]

r. Neal stated that he would call all of this to the attention of Assistant Secretary of State Spruille Braden. (62-80750-152)

Mr. Neal of the State Department on July 17, 1946, informed Mr. Ladd that he had talked to Mr. Braden and that it was the latter's idea to keep the FBI in South America as long as possible. Mr. Braden thought that the NIA should ask the FBI to continue its coverage in South America and make the results of its coverage available to the NIA rather than for them to attempt to take over that area. Mr. Neal stated that in the event General Vandenberg would not agree to this, Mr. Braden was desirous of having an orderly transitional period so that the NIA could take over gradually as they became equipped to handle this work. (62-80750-102)

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January 1. (62-80750-130)

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On August 12, 1946, Mr. E. A. Tamm called upon Admiral Leahy at the White House to keep an appointment made through the Attorney General. Mr. Tamm's memorandum concerning his discussion with Admiral Leahy is set forth below: (62-80750-148)

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I told Admiral Leahy that some months ago you had anticipated that the Bureau might be called upon to continue its intelligence coverage of the Western Hemisphere and in fact you had been requested to submit a proposed plan for FBI coverage of the entire world for intelligence purposes. Admiral Leahy was informed that you had drawn up a very comprehensive schedule which would encompass the utilization of some 650 agents at an annual cost of ten million dollars a year, but that these operations would be concealed within the regular operating budget of the FBI in such a way that there would never be any publicity or ill-advised disclosure of the FBI's intelligence operations.

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[redacted] He stated that the President desired to relieve the [redacted] of all foreign intelligence responsibilities in order that it might concentrate its operations upon the discharge of its great domestic responsibilities. Admiral Leahy stated that the President was concerned about Communism and looked to the FBI to cover it in the United States.

I told Admiral Leahy at this point that this was one of the factors that worried you, since Communism is a worldwide movement and the Bureau cannot cover it adequately by discontinuing its operations or coverage at the American international boundaries. I told Admiral Leahy that you had observed that some of our best, most valuable and most significant information upon Communist activities in the United States came from sources and informants in Mexico, in Cuba, Chile and Venezuela. I pointed out that Communism is worldwide in its operations and cited briefly the facts in the Altschuler case, in which Communists apparently outside the Western Hemisphere were through Mexico directing

by secret ink writing letters addressed to New York the program for the release of the murderer of Trotsky in order that the Communists in turn might murder this murderer to keep him from disclosing the Communist principals involved in the original plot to murder Trotsky. I pointed out to Admiral Leahy that it is difficult for you to conceive how a picture of this kind can be adequately investigated, with one agency attempting to cover the Mexican angles and another agency covering the American aspects of the case.

I pointed out that in other investigations in the Communist field, we are simultaneously investigating the same plot or group of individuals operating simultaneously upon the same program in a dozen Latin American countries. Admiral Leahy stated that he and the President were of the opinion that you could and should keep agents in any and all parts of the world which you deemed desirable for the purpose of facilitating the discharge of your domestic responsibilities. He stated that he assumed that you would desire to keep agents in Mexico, in Cuba and in other parts of the world which you deemed desirable, and that the President

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I told Admiral Leahy that when Mr. Roosevelt instructed you to install an intelligence coverage of the Latin American countries, you were not allowed any ninety, or sixty, or thirty day period, but were expected to establish overnight an efficient operating unit and that within 48 hours of the time that this responsibility was given to you, the Bureau had a number of efficient men actually en route to Latin American countries. I pointed out that in a relatively short time you had built up, during the intensity of war pressure, a coverage of Latin America of almost 600 Agents. b1

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[redacted]

I told Admiral Leahy that you did not desire to be arbitrary in this situation and to set dates for the assumption of responsibilities which would be impossible to meet but that you did feel, in the interest of coverage, that since General Vandenberg desired the Latin American field, he should assume the responsibility for covering it on a prompt basis since there was bound to be a decrease in the effectiveness of the Bureau's coverage due to the fact that our men know they are being withdrawn.

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[redacted]

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Admiral Leahy that aside from the matter of the questionable ability of these people to replace the Bureau personnel in South America, it appeared as though General Vandenberg is attempting a personal affront to you in sending as his representatives men

who were definitely persona non grata to the Bureau. Admiral Leahy stated that this was a disgraceful procedure and that he would most certainly admonish General Vandenberg for it.

I told Admiral Leahy that when you had been requested to draw up a plan for a worldwide intelligence service, you had outlined a program utilizing some 650 agents at a cost of about ten million dollars a year, with the appropriation carefully concealed in the Bureau's overall appropriation, and that it was a source of considerable shock to us to learn that General Vandenberg contemplated spending some twenty-two million dollars this year in the employment of 3,000 people. Admiral Leahy stated that while it has been reported to him that General Vandenberg is an intelligent administrator, he definitely felt that someone had to "sit on General Vandenberg's head" occasionally and that he, Admiral Leahy, intended to dispel all of Vandenberg's grandiose ideas concerning which he, Leahy, said that he was already greatly worried. b1 b1 b1

[redacted] (S)

result the Ambassadors were barraging the State Department with telegrams of protest and that this made it difficult for our Agents to carry on because the Ambassadors were constantly desiring to confer about moves which they might make to keep the FBI in the Latin American countries and that you would not permit your Agents to participate in these plans because you did not want it felt that you were permitting any pressure or lobbying activities to be initiated in behalf of the FBI. Admiral Leahy stated that if such protests were being made from the Latin American Ambassadors, Spruille Braden was "absorbing" these protests because the Secretary of State did not know that the Ambassadors did not like the new program. He stated that he would go into this situation at once.

I again pointed out to Admiral Leahy that it was preposterous for General Vandenberg to try and string out his assumption of responsibility until next May 15th as he had proposed to you and Admiral Leahy stated that he readily concurred. Admiral Leahy stated that as a matter of fact he did not like a number of aspects of this situation and that he was very glad that it had been possible for him to talk to a Bureau representative because he acquired a completely new picture of this situation.

[redacted] (S)

[redacted] (S)

[redacted] stated he fully understood and approved your position. [redacted] b1 b1 (S)

Admiral Leahy stated that he wanted you to feel free to consult with him further or to send a Bureau representative to consult with him with reference to this situation at any time that you desired.

(S) [redacted] (S) b1 b1

All of our offices actually were closed in accordance with the above schedule [redacted] (S) [redacted] (S)

[redacted] b1

(S)

The Federal Bureau of Investigation retained a Police Liaison man in the American Embassies in Madrid, Spain; Paris, France; London, England; Mexico D. F., Mexico; Rio de Janeiro, Brazil; and Havana, Cuba. These agents continue to [redacted] (S)

[redacted] Additional Police agents have been in Mexico City at various times to assist [redacted] Training Schools conducted by the Bureau for the benefit of the Mexican Police at their request. b1

On April 30, 1947, the SIS Section of Division 5 at the Seat of Government was closed. Transfer of supervision of the above-referred-to police liaison offices was effected to the newly organized Foreign Service Desk in the Liaison Section.

III. ADMINISTRATIVE DEVELOPMENT

A. SELECTION AND TRAINING OF PERSONNEL

1. Selection of Personnel

From a variety of sources, the names of Special Agents assigned to the domestic field were received in the SIS Division for consideration for SIS assignment. Many Agents personally wrote to the Bureau indicating a desire to be considered for SIS work. Other Agents, upon being interviewed during In-Service training, indicated a desire to be considered and they were afforded an interview in the SIS Division during the time they were in Washington. In addition, the SIS Division obtained an alphabetical list of all single Agents of the Bureau who, as of June 1, 1942, had had at least one year's experience as Special Agents. The personnel files on this list were progressively reviewed and where the Agents appeared adaptable to SIS work, the files were briefed for further consideration.

In this manner classes of from twenty to twenty-five Agents were brought in for more specialized training. The actual briefing of the personnel files was handled by the SIS Division in obtaining all classes up to and including the class beginning on December 7, 1942. Subsequent to that date the briefing of the files, ascertaining if any personal or business reason existed which would preclude the use of the Agent on SIS assignment, and the completing of the new training classes, was handled by the Chief Clerk's Office. The SIS Division continued, however, to interview In-Service Agents who desired to make application for SIS work. The general rule followed by the SIS Division was to assign single men on SIS work although a number of married men, who specifically requested assignments, were given SIS assignments.

2. Early SIS Lectures

Until June of 1942, the training in the subject matter of SIS work was confined to general talks on health conditions in Latin America, the reading of books dealing with Latin America, and the review of the Bureau files concerning the country to which the Agent was assigned. In addition, all Agents departing from the country were given a set of instructions as to the manner in which they should communicate from Latin America to the Bureau. Further instructions were given concerning the general field in which it

was desired to channel their investigative efforts and they were briefed concerning their remaining in their place of assignment, not uncovering themselves to any outside persons, and the method in which they would receive their salary and expenses.

This informal method of instruction was discontinued as of June 1, 1942, after which each SIS Agent attended regular lectures over a period of five weeks totaling twenty-two hours. These lectures varied from one to three hours in length and treated in detail in a constructive informative manner the purpose and organization of the SIS Division, the method of obtaining passports and visas, the problems of working under cover, living conditions in Latin America, the types of information desired and how to obtain it, the make-up of the minority groups in Latin America, the purposes and aims as well as activities of the Spanish Falange, the handling of confidential informants, how to recognize a radio transmitter, how to recognize codes and letters that had been tampered with, the mistakes made by German Agents in the Ducase which caused their arrest and conviction, the method of reviewing Bureau files on SIS matters, and the manner of writing reports while on SIS assignment. In addition, there was given a discussion concerning the submission of expense vouchers and the problems relating to transportation between the United States and Latin America.

These formal instructions were supplemented prior to his departure by individual instructions to each Agent by the Supervisor of the particular country to which the Agent was assigned. In addition, the Agent was sent to New York City or the city designated by the contact in the Agent's cover company for necessary cover company training. The Agent's activities, while in New York, were supervised by the SIS SAC in New York who explained in detail the background of the potential cover company and who discussed with each Agent the most feasible manner in which the Agent could begin his association with the cover company.

Immediately prior to the Agent's departure from the country, he was interviewed at the Seat of Government at which time his passport and visas were checked as well as the life story the Agent planned to use which included his work with the cover company. The Agent's transportation reservations and tickets were examined, and when it was determined he was ready to leave, he was then interviewed by the SIS Division Chief for final instructions.

3. Spanish and Portuguese Schooling

In 1940 when the Bureau first began the SIS Program the Agents sent out on undercover assignments were chosen primarily for their language ability, consequently there was no necessity at the outset for the training of the Agents in either Spanish or Portuguese. However, as the program progressed and demanded additional Agents, it became apparent that some sort of schooling in the two languages was necessary.

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In May 1941, Special Agent [redacted] began teaching Spanish as an overtime project to a selected group of Agents. These classes ran for two hours each night, were held in the Washington Field Office, and were administered by Division 2. One of the two groups was for elementary Spanish and the other for advanced Spanish, divided in accordance with what previous knowledge of the language the Agent possessed. Each elementary class covered a period of eight weeks and the Agents continued in the advanced classes until they were ready to leave on assignment.

The need for more men and for a better understanding of the language brought about the first major change when a regular Spanish school was started at the Seat of Government on a four-weeks basis in November of 1941. The schedule was from 9:00 a.m. to 9:00 p.m., six days a week. This four-weeks course, from a language viewpoint, operated successfully and afforded the Agents the necessary working knowledge in the language. It was, however, a recognized necessity that in order to properly train the Agents, they should have lectures from the SIS Division on definite subject matter and problems directly relating to their work. As a result on June 1, 1942, the regular Spanish course was extended to five weeks to permit twenty-two hours of lecturing on the aforementioned subjects.

In view of the fact that the Portuguese language is spoken in Brazil, the Agents assigned to that country received their Portuguese training at the Berlitz Language School in Washington, D. C. The number of Agents assigned to Brazil out of any one SIS class never exceeded four. By December 7, 1942, there were no longer any qualified Portuguese teachers at the Berlitz Language School, and that fact coupled with the necessity for increased coverage in Brazil, necessitated the transfer to the Seat of Government of an Agent qualified for teaching Portuguese.

4. Post Spanish Training and Supervision

Following the successful completion of the formal language training period by the Agents, they were given further training for their SIS assignments. This training consisted of the reading of various selected books on Latin America, the reviewing of Bureau files pertaining to the particular country to which they were assigned, and the conferring with the Supervisor of the country to which they were assigned. They received instructions in coding and the use of secret ink from the Technical Laboratory, and studied the nature of the business of their cover company from which company they also received special instructions and training. This period of the SIS Agent's training was highly individualized and was not subject to classroom methods. A form was devised whereby a daily record was kept of the activities of each Agent during this period and a constant check as to his progress was made.

In addition, the Agents obtained and maintained an increased facility in the language by attending a one-hour conversational period while in Washington and New York completing their arrangements to leave on SIS assignment. This conversational period was originated due to the fact that preparations for SIS assignment subsequent to the successful conclusion of the language study necessarily took several weeks. The Washington conversational period was inaugurated in August of 1942 and the New York City conversational period was begun in December of 1942.

In view of the fact that no persons were appointed as Special Employees unless they were adept in the language of the country in which they were assigned, no language training was given to them. However, to familiarize them with the use, the nature and the types of information desired by the SIS Division, they were given detailed instructions in the content of reports previously received from SIS operatives. They were given specific instructions in the use of codes, the manner in which they were to communicate with the Bureau, the general manner in which they were to operate, and they were given a complete verbal description of the purposes and functions of the SIS Division together with the individual part they were to play in the operations of SIS.

5. Later SIS Lectures - 1944

As the SIS program developed to fulfil the responsibilities of the Delimitation Agreement, additional training of personnel was instituted prior to March 1, 1944, to supplement the original five-weeks schedule of Spanish training. Thirty-two hours of supplementary lectures were given to the classes which lectures concerned the following subjects in order to afford every possible service to the Agents in preparation for their assignments:

Purpose and Organization of SIS Division
Georgraphical and Historical Aspects of Latin America
Obtaining of Passports and Visas
Working Under Cover
Living Conditions and Transportation in Latin America
Interest of SIS in Latin America
Economic Problems and Their Investigation
German Organizations in Latin America
JepaneseOrganizations in Latin America
Finances and Latin American Currency
Handling Informants and Obtaining Information Desired
Communism in Latin America
Purposes, Aims, and Activities of the Spanish Falange
How to Recognize a Radio Transmitter
German Communications and Espionage System
Italian and French Organizations in Latin America
How to Recognize Codes in Letters
Review of the Ducase
Report Writing.

Such supplementary lectures were given both to the Spanish and Portuguese classes. Such classes, normally composed of from fifteen to twenty Agents, operated continuously in five-week sessions from November, 1941 until the last class given in Portuguese commenced in August, 1943 at which time these classes were discontinued due to the fulfilment of the program to train five hundred Agents.

6. SIS In-Service Schools

In September, 1943, a program was instituted following an Executive Conference (64-4104-509) for the retraining of SIS Agents following eighteen months of continuous SIS assignment outside of the country. This program, instituted with a tickler system, recalled Agents, business permitting, for attendance at the Bureau's regular two-week In-Service retraining program and for physical examination, leave, and conferences with SIS Supervisors as to their assignments.

The first SIS In-Service school was held from October 23, 1944 to November 11, 1944. The following subjects were covered in lecture form:

Introduction to SIS Training Program
The FBI in World Intelligence
SIS and the War Effort
Statistics and Accomplishments of SIS
Administration of SIS Offices
Report Writing
Security of SIS Offices
SIS Funds and Expenditures
Police Contacts, Police Liaison Agents, and Police Instructors
Press Relations, Police Magazines
Administrative and Personnel Matters
General Investigative Matters
Security of SIS Communications
Geographical Jurisdiction
Organization of the State Department and the Embassies
Passports, Visas, Reentry Permits, Exit Controls, and Seamen's Papers and Passports
Relations with Ambassadors and Embassy Staffs
Relations with Military and Naval Attaches
British Intelligence
Contacting Foreign Government Officials
Development and Use of Confidential Informants
International Relations, Protocol, Sovereignty of Nations
German Activities, Pro-Axis Spanish Activities, Italian Activities, French Activities, Japanese Activities, and Activities of Miscellaneous Nationalities in Latin America
Flight of Axis Capital, Foreign Funds
Propaganda Investigations
Economic Matters
Treason Outside the United States
Social Investigations
Liaison at Washington with Other Government Agencies
Deportation and Repatriation Cases
Training Personnel in the Field, Conferences, Employee Folders
Selective Service Act Cases in Foreign Countries
Political Investigations, Revolutionary Movements
Sabotage
Cover Companies

Export Control
.The International Fingerprint Exchange, SIS
Identification Matters
SIS Office Inspections
Defensive Tactics
Duties and Operations of Undercover Agents
Surveillances in Foreign Countries
Alien Travel Control
Collection and Submission of Monograph Material
Locks (Actual Practice)
Materials Desired by Laboretory
Codes and Ciphers
Sound Equipment
Photography, Photostating and Use of Photo-
record Equipment
Microphotography
Secret Inks (Actual Practice)
World Censorship
Espionage Investigations
Radio and Cable Communications
Firearms Training
Communism
Supervision at the Seat of Government

Other SIS In-Service classes were held periodically until June 1, 1946, at which time the schools were discontinued due to the fact that the Bureau began withdrawing from the SIS field on a gradual basis and there was no need for the retraining of SIS employees.

Clerical schools were held from May 8, 1944, to May 27, 1944, and from July 31, 1944, to August 19, 1944, to prepare clerical employees for original assignments to SIS Offices and arrangements were made to recall those clerical employees on SIS assignments who had not received such training to the Seat of Government for the training. An SIS clerical school was held for one week beginning March 12, 1945, and was attended by fifteen male clerks and stenographers who had been sent on SIS assignments prior to 1944 and who had not had a previous opportunity to attend such a school. Another clerical school was held between May 6 and 17, 1946, and was attended by approximately thirty clerks and stenographers from the domestic field who had expressed a desire for SIS assignment and this school was held for them for such assignments. Many, were at a later date, sent to SIS posts.

On August 15, 1944, an SIS Manual was issued for the purpose of insuring uniformity in the work and administration of the various SIS Offices. The SIS Manual followed generally the manual regulating the administration of domestic Bureau offices but was adapted to the problems encountered in SIS work in foreign countries.

7. Quarterly SIS Conferences

A program of Quarterly General Conferences for Agents assigned to SIS Offices was instituted on July 3, 1944. These conferences were held in each of the SIS Offices and served, as they do in the domestic field, to iron out difficulties encountered by the Agents as well as to keep all Agents advised of current developments in the entire SIS field. On this date a program of monthly clerical conferences was initiated and stenographic and typing tests were given quarterly to all clerical employees rated as stenographers or typists. The completed tests were returned to the Bureau for grading.

8. Asiatic and European Schools

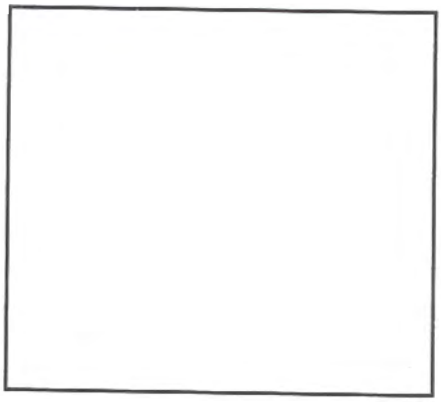
With the growth of the Bureau's interest and representation abroad, it became necessary to afford special training to Bureau personnel in order to adequately prepare them for assignment in liaison capacities in countries other than Latin America. As a result an Asiatic school was held for a period of six weeks beginning September 19, 1944, in order to adequately prepare Agents for future assignment with the Army under the plan for participation by Bureau personnel with the Army in the Philippines and Japan. The following Agents attended the Asiatic school beginning September 19, 1944:

[redacted]

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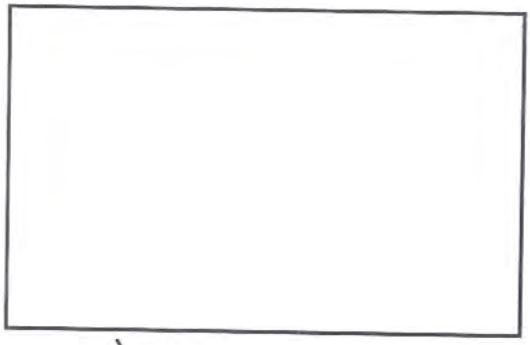
Another Asiatic school was conducted which ran from January 15, 1945, until February 24, 1945, to prepare additional Agents for assignment in Far Eastern countries. In this school, as in the first Asiatic school, the training consisted of background material concerning the various countries, living conditions in the various countries, peculiar traits of the people in the various countries, and arrangements for at least a basic knowledge of foreign languages to be encountered. Most

of the Agents in attendance were familiar to some degree with at least one of the foreign languages encountered in Asiatic countries. The Agents attending this school were:

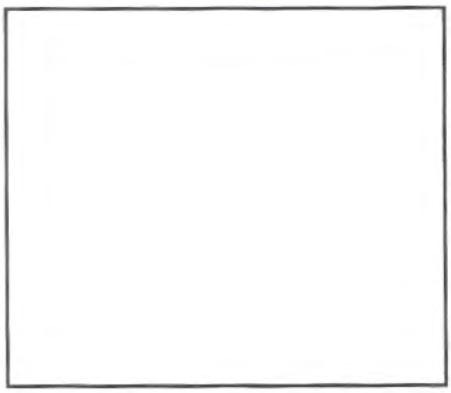


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A European school was held from January 14, 1945, to February 24, 1945, for the purpose of preparing Special Agents of the Bureau to cover certain assignments in Europe inasmuch as situations were beginning to arise which indicated the necessity for expanding the Bureau's coverage in European countries in connection with Bureau cases as well as in connection with Army intelligence matters. The European school was for the purpose of furnishing to those Agents in attendance background information on conditions in European countries, historical conflicts between the peoples of Europe, minority groups in Europe and other matters of special interest which would reflect upon the work of the Agents and the information to be obtained by them for the Bureau. For the most part, the Agents in attendance at the European school were selected because of their good records in the Bureau and due to the further fact that they had at least some knowledge of the languages which they would encounter in European countries. The Agents in attendance at the European school were:



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In connection with the supervision of the personnel assigned on the European Continent and in preparation for possible assignments in the Asiatic area, European and Asiatic desks were instituted at the Seat of Government in July, 1944, to handle the material pertaining to those areas which had begun to arrive in the Bureau in a large volume. In connection with this work, digested summaries and general information concerning those areas were procured and compiled with the assistance of personnel in training during research periods in order to provide the basis for intelligence appraisal of the situations in those areas.

9. Inspection Procedures

As the Bureau's SIS coverage expanded throughout Latin America and with the increase of Agents and Special Employees assigned in various parts of the Western Hemisphere, it became necessary to set up in the SIS Division a field inspection service. Two experienced mature representatives of the SIS Division were placed in constant travel status throughout Latin America in undercover capacity and it was their duty to check on the daily activities of the SIS Agents and Special Employees. Through their progress the Seat of Government was constantly advised as to the work, the living conditions, the morale, the problems and the suggestions of the various representatives working on undercover assignments.

In addition, through their activities the Bureau was kept advised as to the necessity of the removal or transfer of Agents and Special Employees of the SIS Division.

In addition to these two inspectors, a third inspector of the SIS Division travelled throughout Latin America in an official capacity with the State Department for the purpose of determining the effectiveness of the work of the SIS representatives attached to the various American Embassies and Legations. This representative

usually accompanied an SIS representative who was being assigned to an American mission for the first time and assisted him in the establishment of the SIS Unit in the particular Embassy or Legation.

During January, 1944, in order to increase the efficiency of the SIS Division, a system of regular inspections of SIS Offices by regular Bureau inspectors was initiated. This system of inspections by the regular Bureau inspectors provided in the SIS Offices an administrative setup which guaranteed uniformity among the various SIS Offices. The SIS Offices had by this time been patterned after and in so far as possible made identical with the domestic field offices in so far as administrative matters were concerned. The inspections by the regular Bureau inspectors also provided a tightening up of the SIS Agents' activities in general and caused them to feel more closely connected with the activities of the Bureau and its wartime responsibilities.

B. - FINANCES

1. Handling of Funds

The funds used by the Bureau to finance its SIS program never came from the regular Bureau appropriation received annually from Congress. That appropriation by its very nature is confined to the work of the Bureau in the Continental and Territorial United States. Part of the effectiveness of the SIS program was its complete secrecy. A request by the Bureau for funds from Congress for SIS operations would perforce be made a matter of public record available to any person who desired to see the request and the resultant compliance thereto. Therefore, the necessary funds were obtained from the confidential fund allotted by Congress annually to the President of the United States for confidential, unvouchered expenditures. This fund is administered by the Bureau of the Budget for the President, and there is no requirement of law that the reasons underlying the expense be made a matter of public record. As a matter of practice, the State Department endorsed the Bureau's request annually to the Bureau of the Budget.

While the Bureau was under no obligation to account for the expenditure of these funds, however no funds were disbursed without ample justification supported by written documents. From time to time, questions arose as to whether or not a particular expense should be met from SIS funds. These questions were discussed by the Executive Conference of the Bureau, a decision arrived at, and a policy formulated.

Disbursement of SIS funds was never made by Government check. b7D
The Chief Clerk's Office obtained the necessary funds from the Treasury Department and turned them over to the SIS Division for disbursement. Prior to December 17, 1940, it was necessary for the Chief Clerk's Office to go to [redacted] and secure Cashier's Checks with these funds. On that date an account was opened at [redacted] under the names of Messrs. P. E. Foxworth, W. R. Glavin, and S. J. Drayton for the handling of these funds. After that time the Chief Clerk's Office secured Government checks from the Treasury Department and these checks were deposited to this account for the SIS Section to draw against for necessary expenditures. As of January 1, 1945 the same account was in existence, but was under the names of Messrs. W. R. Glavin, D. M. Ladd and C. H. Carson, Withdrawals from this account were supported by vouchers approved by three or more Bureau officials and the checks drawn on the authority of these vouchers were signed by two Bureau officials.

As mentioned above, from the time the Bureau first started the SIS program, records were kept of the funds expended on this work. At first the records used consisted of a simple double entry set of books with a cash account, three accounts for each employee to which his advance,

salary, and expenses were charged, and a funds account to supply the necessary credit for the foregoing debit accounts.

In March of 1942, this keeping of individual records for each employee was found to be too cumbersome and the system was changed at that time to allow the keeping of one salary and one expense account. A system of vouchers was instituted which permitted the payment of a number of expense accounts or an entire pay roll on one voucher. These changes effectively streamlined the accounting work of the SIS Section and still maintained as complete a record as before.
(64-4100-126)

On November 30, 1942, the accounting and budget work of the SIS Section was transferred from that Section to the Chief Clerk's Office. This transfer was made at the recommendation of the Executive Conference and resulted in the proper centralization of the accounting and budget work of the Bureau. Subsequently, all vouchers were prepared in the SIS Section and forwarded to the Chief Clerk's Office where the checks in payment of these vouchers were made out. This resulted in a very effective double check on the expenditure of funds.
(64-4100-171)

In Order that the Bureau's handling of SIS funds may be even more secure, $10,000.00 Surety Bonds were secured for the Chief of the SIS Section, the Accounting Supervisor of that Section, and the Clerk who prepared the vouchers.

In September, 1942, an account was instituted on the SIS Accounting records entitled "Non-Expendable Property." The purpose of this account was to reflect the cost of all property and equipment of a non-expendable nature, purchased with SIS funds so that the cost would be ascertainable when the property was later sold. During 1944, it was determined that the keeping of a record in this manner in an attempt to transfer the cost of property to expenses at the time of this sale was unjustified in view of common accounting practices throughout the Government, and the title of the account was changed to "Property Expenses," the funds expended being considered as expense items at the time of expenditure and credit being taken for receipts from the sale of the equipment at the time of the sale, rather than attempting to go back to the time of purchase.

2. Finances of the Individual Employee

Insofar as the funds of the individual Agent are concerned, he was furnished with sufficient money to meet the cost of transportation to and from his place of assignment, as well as an advance of $500.00 prior to leaving the United States. This advance was given him for the payment of unusual expenses, the purchasing of information, and so that he would have the funds available should he be forced to perform travel unexpectedly.

Up until September, 1942, Agents generally carried this advance fund with them in cash or traveler's checks. However, at that time the Treasury Department issued regulations forbidding the export or import of more than $20.00 in currency and subsequent to that time it was necessary for Agents to carry these advances in the form of traveler's checks, or other negotiable paper. Immediately upon returning from SIS assignment, Agents were required to repay these advances, either by turning in sufficient unpaid expense accounts to cover them or by cash. b7D

Several methods of paying the salaries and expenses of employees on SIS assignment were used. Those employees still in the United States, or who had returned to the United States for conference, were given checks drawn on the account at [redacted] payable to their order. Agents on undercover assignments in Latin America were paid by Money Orders of the [redacted] of New York, obtained in that city and mailed from there, since the inception of the SIS program. In July of 1942, in order to add variance to the method of paying these Agents, arrangements were made whereby Cashier's Checks of the [redacted] of New York could be obtained in a very discreet manner, and those checks were also used for the payment of undercover Agents. b7D

b7D

The Agents assigned to the American Embassies, Legations and Consulates in Latin America were paid by Cashier's Checks of [redacted] Washington D. C. As they were ostensibly employees of the State Department, a check emanating from Washington, D. C. was desirable.

During the time the Bureau operated the "Importers' and Exporters' Service Company" in New York City as a cover for SIS Agents a blank account was maintained at [redacted] of New York for this company and was used for the payment of those Agents who were using this company as a cover.

On December 16, 1942, it having been determined that the work of the SIS Division at the Seat of Government was confined solely to SIS operations, all personnel assigned to the SIS Division, including the Division Chief, the Agent Supervisors, the Stenographers, and the clerical employees, were placed on leave without pay, and from that date were paid from funds allocated for SIS operations, rather than from the regular Bureau appropriation. This change made no difference to the individual employee, but properly allocated the cost of SIS supervision and administration at the Seat of Government to the SIS funds.

Up until February 1, 1943, all Bureau employees on SIS assignment outside the United States were paid per diem, and were kept in a constant travel status. On December 30, 1942, the Bureau of the Budget issued their circular number 410, establishing a system of Living and Quarters Allowances

for the use of all Governmental agencies having employees on temporary foreign assignment. This system of Allowances was based on the relative cost of living and rentals at various foreign cities and at Washington, D. C. According to the circular issued by the Bureau of the Budget, it was to be effective February 1, 1943, and therefore it was instituted on that date by the Bureau. This system of Living and Quarters Allowances resulted in a savings to the Government while still allowing the individual employee an appropriate amount to cover the extra cost of residing outside the United States. (64-4104-352) On the same date, the Bureau instituted the payment of exchange relief to Bureau employees stationed in Venezuela. Prior to that date, the exorbitant rate of exchange had made living in Venezuela almost a financial impossibility for Bureau employees on their salaries and per diem and as the Living and Quarters Allowances paid would be a reduction from the figures paid for per diem, it was realized that they would be unable to live decently. This exchange relief was based on what the rate of exchange should be between Venezuela and the United States and what the rate of exchange actually was. During the time the Bureau had representatives in Venezuela it approximated 61%. (64-4104-352) It is to be noted in this connection that Venezuela was the only country in which the Bureau was operating at the present time that has an unfavorable rate of exchange.

Due to the confidential nature of SIS work and the fact that employees found it difficult to take care of their personal financial affairs in the United States while on SIS assignment and still maintain the assignment confidential, the Bureau performed for its employees on such assignment, many services of a financial nature not normally rendered to employees in the United States. For example, the Bureau each year handled the filing of numerous income tax returns for employees on SIS, and in special occasions, advanced the necessary funds for the payment of these income taxes, providing that the employee agreed to their deduction from the salary check next following the date they were advanced. The Bureau also, upon request made deductions from salaries for the handling of an insurance payment and similar items in special cases. When assessments were called on the Agents' Insurance Fund, the Bureau automatically deducted the assessments of employees on SIS assignments from their salary checks and paid these assessments for them. Employees were, of course, advised that assessments were due, and given an opportunity to change their beneficiaries if they so desired or to advise the Bureau that they did not desire to participate in the fund. It will be noted in this connection that SIS clerical employees were eligible for membership in the Agents' Insurance Fund.

Also, for the convenience of the individual employee, the Bureau adopted several methods of transmitting their salary and expense checks. These checks were at the option of the employee involved; sent all to him, all to a bank in the United States for deposit, or all to some members of his family designated by him. This not only provided convenience for the individual employee in handling his personal finances, but it also diversified the methods by which employees were paid, and rendered the SIS program more secure.

During January, 1945, the war had progressed to the point where the Director was able to authorize male SIS employees on open assignment in the Western Hemisphere, with the exception of Argentina, to have their wives and children with them while on assignment. This authorization included payment by the Bureau for transportation of these families to and from South America, as well as the shipment of furniture for individuals on SIS assignment in the same manner as in the Bureau's domestic service.

3. Fiscal Year Appropriations and Expenditures

When the SIS Division was established during July, 1940, the sum of $400,000.00 was made available to the Bureau from the confidential fund of the President for its operation on July 2, 1940. At the close of the first fiscal year of the SIS Division's existence, the sum of $144,430.61 had been disbursed as follows: (64-4100-40)

Traveling expenses	$ 56,697.35
Salaries	43,657.13
Informants	7,572.06
General Expenses	1,996.45
Advances to Agents	25,864.50
Cash on Hand	211.35
Cash in Bank	8,431.77
Total -	$144,430.61

No additional funds were made available at the start of the fiscal year of 1942, the balance of the original $400,000.00 being still available for SIS operations. However, due to the expansion of the SIS Division, additional funds were required and on October 8, 1941, the President signed a letter making another $400,000.00 available to the Bureau for SIS work. (64-4100-85)

During January, 1942, it was ascertained that still more funds would be necessary to carry the SIS Division through the fiscal year and on January 20, 1942, the President made another $100,000.00 available to the Bureau. (64-4100-123)

This made a total of $900,000.00 available to the Bureau for SIS activities from July 1940 to June 30, 1942. Due to the rapid expansion of the SIS Division after the declaration of war this sum proved to be inadquate and during that period we actually disbursed the sum of $914,026.71 as follows: (64-4100-139)

Agents' expenses	$345,985.70
Salaries	360,812.76
Informants	49,196.25
General expenses	9,778.44
Advances	148,253.56
Total -	$914,026.71

To cover this deficiency in the amount of $14,026.71, the funds for the fiscal year of 1943 in the amount of $1,900,000.00 were made available to us on June 19, 1942, and, as these funds were made available from an "Emergency Fund for the President", which was available for use during the fiscal year of 1942 and 1943, they could be used prior to July 1, 1942. (64-4100-138)

During December, 1942, it was ascertained that the funds allocated previously for the fiscal year 1943 would be insufficient for SIS operations during the balance of that fiscal year, due to a request from the Department of State for our expansion to 500 Agents on SIS work instead of 250 as was contemplated when these funds were originally requested. Accordingly, an additional request was made of the Bureau of the Budget for the sum of $1,054,254.00 for additional work during the fiscal year 1943. This amount contemplated a continued expansion to reach the number of 350 Agents on SIS work by June 30, 1943. On December 23, 1943, the President allocated the Bureau the additional sum of $1,000,000.00 for SIS work during the balance of the fiscal year 1943, making a total of $2,900,000.00 available to the Bureau for that fiscal year. On July 1, 1943, when funds were made available to the Bureau for the fiscal year of 1944, a policy was established of keeping the allocation for the various fiscal years separate, instead of continuing from one fiscal year to the other, as had been the previous policy. Accordingly, at that time, all advance accounts outstanding were transferred to the 1944 records, and a corresponding amount of cash transferred back to the 1943 allocation. This policy was instituted, as all funds prior to the allocation for 1944 had been from one appropriation to the President's confidential fund while the funds for the fiscal year 1944 came from another appropriation to the President's confidential fund.

As of January 31, 1944, we had expended from the $2,900,000.00 available for the fiscal year 1943, the sum of $2,821,050.67 as follows:

Expenses	$ 887,886.87
General Expenses	12,972.67
Salaries	1,356,961.17
Informants	298,436.45
Non-expendable Property	78,519.44
Agents' Living & Quarters Allowance	147,799.09
Clerks' Living & Quarters Allowance	35,807.92
Entertainment	2,667.06

Thus, we had available from our 1943 allocation, the sum of $78,949.33 still unexpended. As almost all 1943 expenditures had been received at this date, it was believed that the major portion of this amount could be returned to the Treasury some time in the near future.

In October 1942, the Bureau experienced considerable difficulty in meeting the expenses encountered in connection with the visit of General Manuel Benitez, head of the Cuban National Police, inasmuch as there was

no appropriation available to the Bureau for the entertainment of foreign police officials. Accordingly, in connection with our request for additional funds for the balance of the fiscal year 1943, it was requested that the letter allocating extra funds contain a provision that not to exceed $5,000.00 could be expended for entertainment of officials of Latin American law enforcement agencies. (64-4100-170)

The President's letter of December 23, 1942 granting us these additional funds contained a provision that $5,000.00 could be expended for entertaining officials of foreign governments. The same amount was also included in the President's letter allocating us funds for the fiscal year 1944.

On July 13, 1943, the President issued a letter to the Secretary of the Treasury, allocating to the Bureau the sum of $5,450,000.00 for SIS work during the fiscal year, 1944. Due to the reduction in personnel during the latter part of 1943, this sum proved to be more than adequate and as of December 31, 1944, we had expended from these funds the sum of $3,380,290.26 as follows:

Expenses	$ 678,672.38
General Expenses	14,942.23
Salaries	1,745,929.12
Informants	412,947.87
Property Expenses	30,387.13
Agents' Living & Quarters Allowance	366,371.39
Clerks' Living & Quarters Allowance	126,414.06
Entertainment	4,626.08
Total - -	$3,380,290.26

In order to provide funds for the fiscal year, 1945, the Bureau of the Budget authorized the transfer of funds remaining from the fiscal year, 1943, in the amount of $75,305.11, and funds remaining from the fiscal year, 1944, in the amount of $1,925,000.00 to the fiscal year, 1945. Moreover, the President by letter of July 22, 1944, allocated an additional sum of $1,175,000.00 to the Bureau for the fiscal year, 1945, thus making a total of $3,175,305.11 available to the Bureau for this fiscal year. As of December 31, 1944 the sum of $1,220,951.24 had been expended from these funds as follows:

Expenses	$ 175,813.84
General Expenses	5,736.99
Salaries	657,646.36
Informants	195,462.22
Property Expenses	5,130.31
Agents' Living & Quarters Allowance	120,508.69
Clerks' Living & Quarters Allowance	59,830.37
Entertainment	822.46
	$1,220.951.24

To provide funds for the fiscal year, 1945, the Budget Bureau authorized the transfer of funds remaining from the fiscal year, 1943, in the amount of $75,305.11, and the funds remaining from the fiscal year 1944, in the amount of $1,924,000. The President, by letter of July 22, 1944, allocated an additional sum of $1,175,000 to the Bureau for the fiscal year of 1945, making a total of $3,174,305.11 available for this fiscal year. The following amounts were expended from this sum:

Expenses	$ 684,216.97
General Expenses	12,443.76
Salaries	1,350,019.13
Informants	485,710.82
Property	47,759.03
Living & Quarters Allowance	343,714.43
Entertainment	1,135.86
Total	$2,925,000.00

For the fiscal year, 1946, the Bureau estimated that SIS operations would cost $4,000,000. The Budget Bureau was advised of this figure late in 1944 and the program discussed in detail with that organization. The State Department informed the Budget Bureau that it fully concurred in this estimate. In a hearing before the Budget Bureau in connection with the regular Bureau appropriation for the fiscal year, 1946, the sum of $4,000,000 was included to be used for SIS activities. At that time the Budget Bureau informed us that it felt that these funds should come from the confidential fund of the President. Despite this, on July 7, 1945, the Budget Bureau approved the amount of $1,325,000 for SIS operations during the first six months of the fiscal year, 1946. In addition, the Budget Bureau authorized the carry-over of $150,000 remaining from the fiscal year, 1945. The Director of the Budget Bureau stated in connection with this allocation that the Bureau should get along on this sum for the next six months as he desired to get the views of the new Secretary of State (Byrnes) with regard to the continuance of the SIS program. The Bureau immediately advised the Attorney General by memorandum of July 11, 1945, that in view of this action on the part of the Budget Bureau it would be necessary for us to sharply curtail our activities in the SIS field. The Bureau almost immediately instituted a series of conferences with the Department of State in an effort to settle this matter. On August 31, a letter was forwarded by the Attorney General to the Secretary of State advising that his opinion as to the continuation of SIS was necessary. This letter was not answered until October 10, 1945, when Dean Acheson, Acting Secretary of State, advised that the Department of State had been pleased to endorse the continuation of this service to the Budget Bureau. In accordance with the instruction

of the Director, no personnel was sent out after September, 1945, and preparations were instituted to close our offices. Instructions were issued on November 23, 1945, to all Legal Attaches to make preparations to close as of December 31, 1945. On October 11, 1945, we advised the Attorney General that the sum of $1,446,357 would be necessary for SIS activities during the period from January 1 to June 30, 1946. On November 6, 1945, the Secretary of State was advised by letter from the Attorney General that we would cease SIS operations on December 31, 1945, because of lack of funds. This letter was not acknowledged until December 29, 1945. No affirmative action was taken until December 4, 1945, when the President by letter to the Secretary of Treasury allocated to the Bureau the sum of $1,446,357 for SIS activities during the remaining six months of the fiscal year, 1946. Instructions for the closing of SIS offices were immediately countermanded although approximately half of the Bureau's SIS personnel had either returned to the United States or was in transit thereto.

On April 18, 1946, the Budget Bureau advised us through the Department that the President's confidential fund would only amount to $5,000,000 for the fiscal year, 1947, and that it would be impossible to allocate funds from this small amount for SIS work. The Director indicated that if the Administration wanted the Bureau to continue SIS, the funds must be provided, and by memorandum to the Attorney General we advised that we would cease SIS operations on June 30, 1946. The State Department advised on April 17, 1946, that they would go to the White House and endeavor to reinstate $3,000,000 in the Bureau's appropriation for the continuance of SIS. This amount has been included in the Bureau's regular appropriation bill for 1947 with no qualifying language as to its purpose.

Several minor changes were made in the handling of SIS financial matters in the field. In December, 1944, the Bureau authorized employees on SIS to collect forty per cent of their normal living and quarters allowances while temporarily absent from their posts of assignment for periods up to ninety days, provided their quarters were maintained and paid for during such absences.

In January, 1945, the Bureau approved the families of SIS open employees accompanying them on assignment. The transportation of such families was paid by the Bureau and they were allowed per diem while traveling on transfer. Also, in January, 1945, the Bureau determined that employees' medical expenses in connection with illnesses attributable to SIS assignments should be paid by the Bureau after the United States Employees' Compensation Commission had approved each individual case.

By Executive Order #9687 of January 26, 1946, the President directed that the payment of allowances for the appreciation of foreign currency should be discontinued. The Bureau immediately discontinued the payment of exchange relief in Venezuela and Curacao, N.W.I.

The amount of $3,000,000 was included in the Bureau's regular Appropriation Bill for fiscal year 1947 for use in continuing SIS Operations. The following amounts were expended from this sum during the period July 1, 1946 through June 30, 1947:

Expenses	$ 322,782.10
General Expenses	3,114.68
Salary	1,205,487.06
Informants	248,697.24
Property Expense	16,891.19Cr.*
Living & Quarters Allowance	247,682.39
Entertainment	41.45
Totals	$2,010,913.73

*Expended for Property	$ 893.33
Realized from Sale of Property	17,784.52Cr.
	16,891.19Cr.

Of the $3,000,000 included in the Bureau's Regular Appropriation for SIS only $1,776,028.14 was spent for SIS as of June 30, 1947, since there was a carry over of unexpended SIS funds from prior fiscal years in the amount of $234,885.59 which was applied against 1947 obligations.

The following Table shows the funds available and the amounts expended for SIS Operations from the beginning of the 1941 fiscal year through April 30, 1947:

Fiscal Year		Funds Available	Total Expenditure
1941-1942		$ 900,000	$ 900,000
1943		2,900,000	2,900,000
1944		5,450,000	3,525,000
1945	Carried fwd from '44 - $1,925,000		
	Addl. approp. 1,175,000	3,100,000	2,925,000
1946	Carried fwd from '45 - $ 175,000		
	Addl. approp. 2,771,357	2,946,357	2,946,357
1947		3,000,000	
	Expenditures to June 30, 1947		2,010,913.73
	TOTAL		$15,207,270.73

As of July 1, 1946, all SIS employees at the Seat of Government and open employees in the Field were returned to the active duty pay roll from leave without pay status and began to receive Government checks for their salary. The salaries of these employees were charged against the $3,000,000 allocated for SIS work. As of May 5, 1946, approximately 100 employees in the Records Section, Communications Section, Translation Unit and the Laboratory were placed on the SIS pay roll and their salaries paid from SIS Funds. As of May 3, 1947, practically everyone was removed from the SIS rolls except the employees remaining in Liaison Posts and a small skeleton force of employees at the Seat of Government engaged, for some time, in winding up SIS matters.

Personnel on undercover assignment remained on leave without pay status until their return to Domestic Field Offices.

In February, 1943, the Bureau began paying its employees on Foreign assignment a "Living and Quarters Allowance" in accordance with regulations laid down by the Bureau of the Budget. During August, 1946 the Bureau of the Budget revised its regulations with respect to such payments and advised all Government Agencies that personnel temporarily stationed abroad who were formerly paid "Living and Quarters Allowances" should be paid, instead, "Quarters" and "Cost of Living Allowances". In other words, two separate allowances were to be paid.

The "Quarters Allowance" was defined to include rent, heat, fuel and light and payment made depended upon (a) classification of the Post, (b) the rank or status of the employee and (c) family status.

The "Cost of Living Allowance" was defined as an allowance to an employee to equalize the difference between costs at the Foreign Post and Washington, D. C., of subsistence, services, commodities and other living expenses except quarters.

The various Foreign Service Posts were classified both as to "Quarters Allowance" and "Cost of Living Allowance".

The regulations of the Bureau of the Budget were put into effect. In most instances the allowances received by Agent personnel were raised as a result of the regulations while the allowances received by clerical employees were lowered a little.

C. PARTICIPATION OF AMERICAN COMPANIES WITH SIS

1. The Cover Company Plan

As a means of pretext or "cover" for the purpose of furnishing a logical excuse for the presence of SIS operatives in Latin America and for the obtaining of intelligence information, it was decided that a fictitious company should be set up with headquarters in New York City, separate from the New York City Field Division, as the primary step toward the expansion of the SIS field program.

Toward this end, it was recommended by Mr. P. E. Foxworth, then in charge of the SIS program for the Bureau, under date of August 15, 1940, that a company to be called the Importers and Exporters Service Company be established. The ostensible business of this company was to be that of securing information for clients, also fictitious, concerning the possibilities of foreign trade - either the importation or exportation of products between the country involved where the SIS operative would be stationed and the United States - and to merely act as a service agency for such a subscriber. This plan culminated in the registration of the company with the cooperation of former Special Agent [redacted], who agreed to register the name of the company in behalf of the Bureau. A lease was executed with the management of the Rockefeller interests in New York for space first in Room 4332 of the RCA Building and later at Room 3144, 30 Rockefeller Plaza, New York City, as additional space became necessary. Arrangements were made with [redacted] of New York for the necessary holding of moneys in connection with such expenses as would be incurred, and for an unlisted telephone under a fictitious name for this office. This office eventually expanded to cover the supervision of the SIS operatives while obtaining various visas and training in New York, the maintenance of contact with companies providing covers, and the original contact of other potential companies. b7C b7D

Throughout the fall of 1940, there were sent out to Latin America supposed agents of the Importers and Exporters Service Company who, in reality, engaged in SIS intelligence activities under the pretext of making inquiries in behalf of this company. (64-5002-46; 64-4031-7,8)

In September of 1940, (64-5002-27 - 41) arrangements were made with Nelson Rockefeller for Mr. Foxworth to accompany him as a member of the Rockefeller Commission on a more or less inspection tour of Latin America. After a survey of conditions by Mr. Foxworth during that trip, additional Agents were sent to Latin America to expand the SIS coverage.

In view of the fact that it was impossible to do any actual business for the Importers and Exporters Service Company, and that any check by Latin American interests as to the identity of this company would elicit negative information as to its business, it was decided to enlist the

services of bona fide companies having Latin American agencies or connections who, as a patriotic move, would be willing to lend the use of their names as a cover and cooperate with the FBI in the SIS field.

At this time arrangements were made through [redacted] of New York, who was cooperating with the Bureau in this matter, to help provide additional cover companies for the use of the SIS operatives, the first of which was [redacted] b7C

As an additional step at this time for the obtaining of information through American commercial enterprises, information was beginning to be received by Mr. Foxworth's New York office of SIS from the [redacted] b7D b7E and others. These reports helped to form the basis of determining the need for SIS coverage in Latin America. (64-5002-40)

During the following six months it was found that the Importers and Exporters Service Company could not continue to be used as a logical cover for SIS operations due to the growing number of operatives who would have to be considered as its Agent employees and who would undoubtedly open the company to question. Therefore, during July of 1941, the Importers and Exporters Service Company was discontinued and the System of representation as agents of bona fide companies was developed. (64-4031-62)

2. The Companies Used As Covers

Conferences were held and cooperation was obtained from high executives of various commercial companies by the New York office of SIS for the purpose of training SIS operatives in the business of the particular companies in order that they might logically and reasonably act the part of representatives of these products in Latin America. The number of companies which made themselves available for this purpose was constantly extended so as to provide logical employment for SIS operatives in every possible strata of Latin American life in order to provide opportunity for the collection of intelligence information from all possible sources.

In the utilization of commercial sponsorship, emphasis was placed upon companies whose business consists in services rather than in the

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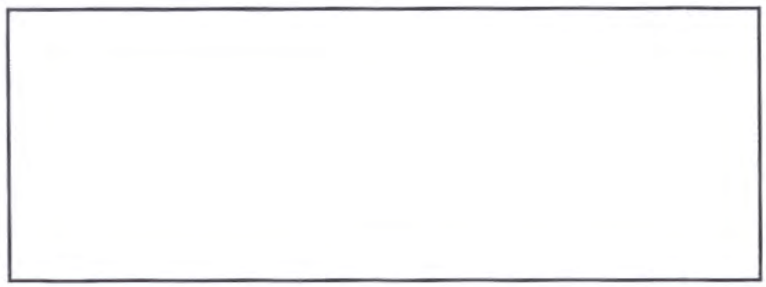
sale of products, such as the [redacted] and the like, which latter group, due to the war, necessarily were restricted in the physical shipment of the product. The opportunity for the use of the "service" type of American Commercial Companies has proved to be most elastic for the purposes of SIS. The Bureau representative had a fine opportunity to ask questions covering a variety of subjects without arousing suspicion. In addition, such cover representation beyond the initial settlement within an area actually took very little of the SIS representative's time. (Annual Report - SIS, 1941-1942)

In addition to the training provided by the companies as to their particular specialty in order to equip SIS operatives to be their ostensible representatives, the varied interests of the various companies so cooperating were such that arrangements were easily made so that an SIS operative's background and past experience became the basis for placement with a particular cover company to an extent that these commercial companies have expressed themselves frequently in a highly commendatory manner as to the results achieved by their SIS representatives.

The following is a list of companies used in the early part of the cover company program:

[redacted]

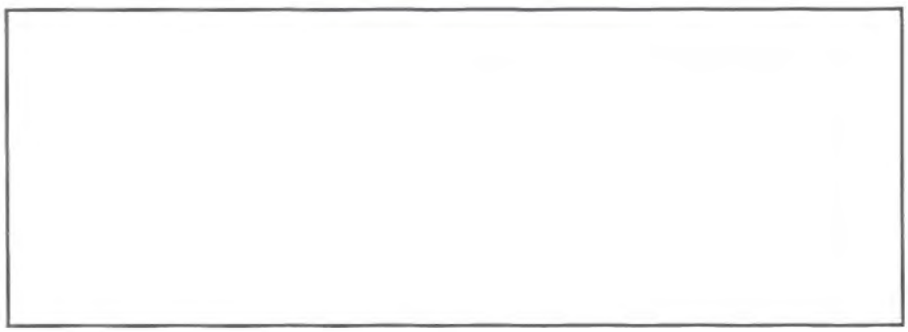
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The New York Office of the SIS located separately from the Bureau's regular New York City Field Office utilized the services of two agents to continue and maintain the contacts and training of agents with the cover companies already in force and endeavored to develop other covers in varied fields in order to provide suitable covers for agents, dependent upon the particular assignment and particular country where additional agent coverage was desired.

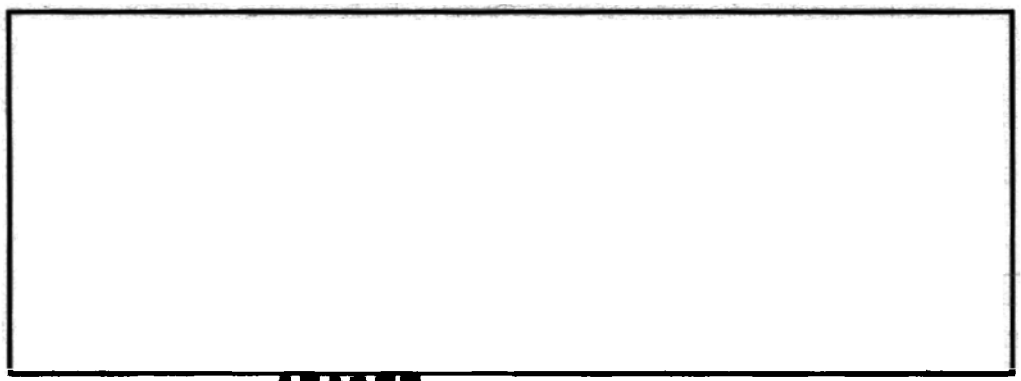
By March 1, 1944, the following companies had been utilized to an extent where it was no longer feasible to continue their use:



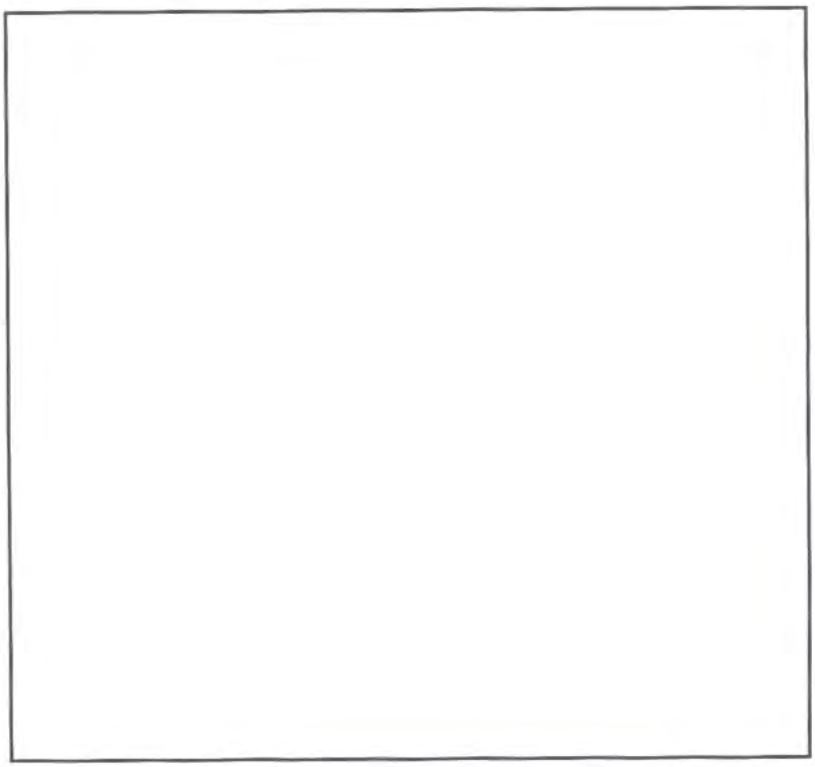
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It was found that these companies were either restricted as to their type of activity so as to be no longer useful to the agents who needed flexible covers or had been exhausted by previous use. However, this situation was supplanted by the obtainance of additional and similar cover companies whose cooperation was enlisted in this program.

By March 1, 1944, the following active cover companies were being utilized throughout the Latin American Field:



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It is interesting to note that while adopting the cover companies to the Bureau's need, the agents in many cases worked so enthusiastically that they became almost indispensable to the cover companies and were considered vital assets to the companies.

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As examples of the results obtained for such cover companies by SIS Agents, there might be mentioned some examples of the feeling the officials of the cover companies have toward the work done by our Agents for the cover companies incidental to the assignment. [redacted] of [redacted] has commented that the reports submitted to his company on market analysis "rate up to the best I have seen from our regular Commercial Attaches in a foreign post". [redacted] of the [redacted] in Cuba has stated that he had come in contact with one of our representatives in Cuba for some time and found him to be "of the best, not only regarding his work but the way he went about to obtain his information". [redacted] magazine has advised that the material sent in by an SIS Agent was a most welcome complement to the magazine and that he desired to go on record to state that all of the Agents of the Bureau who had used [redacted] as a cover had done excellent work. [redacted] has advised that the plant surveys made by Bureau representatives in Chile had greatly impressed him.

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SIS representatives of [redacted] for example, were successfully the means for the investment of millions of dollars of the firm's clients in Latin America, while marginal accounts for this firm included by FBI Agents acting as their representatives reached hundreds of thousands of dollars. The [redacted] cover company desired to show their appreciation of FBI representation by an offer to provide a $1000 War Bond for each SIS Agent representing the firm. Habitually, such cover companies manifested a desire to permanently employ our Agents under any conditions imposed by the FBI in view of the results obtained.

The New York Office of the SIS was located separately from the Bureau's regular New York City Field Office. Due to the reduced activity in the SIS field in the latter part of 1943 and the early part of 1944, one of the two agents assigned to the New York SIS Office was transferred to the Bureau's domestic operations. The remaining agent continued to maintain various contacts, to train agents with cover companies already in force and endeavored to develop other companies in varied fields in order to provide suitable covers for agents.

By January 1, 1945, the following companies had been utilized to an extent where it was no longer feasible to continue their use:

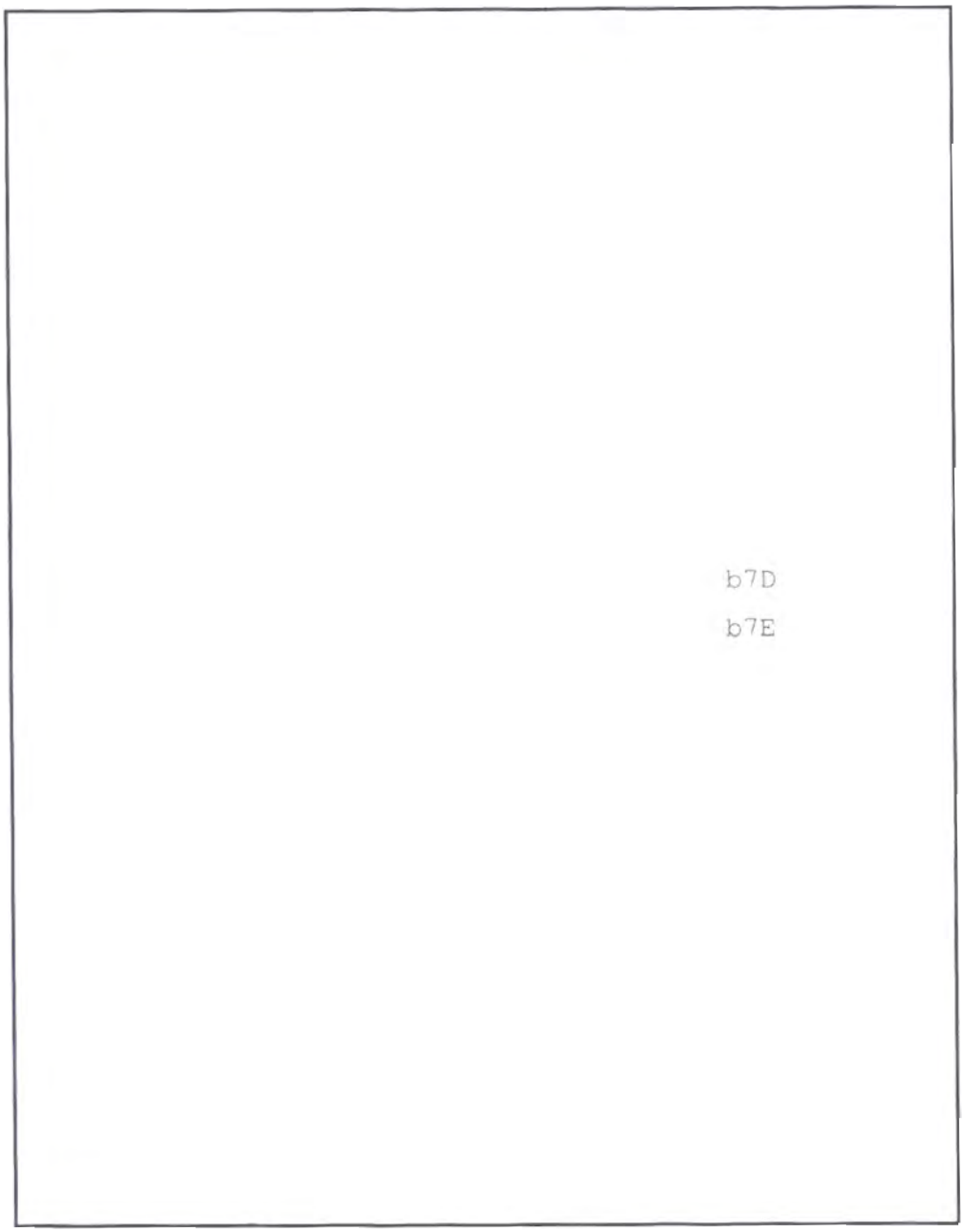
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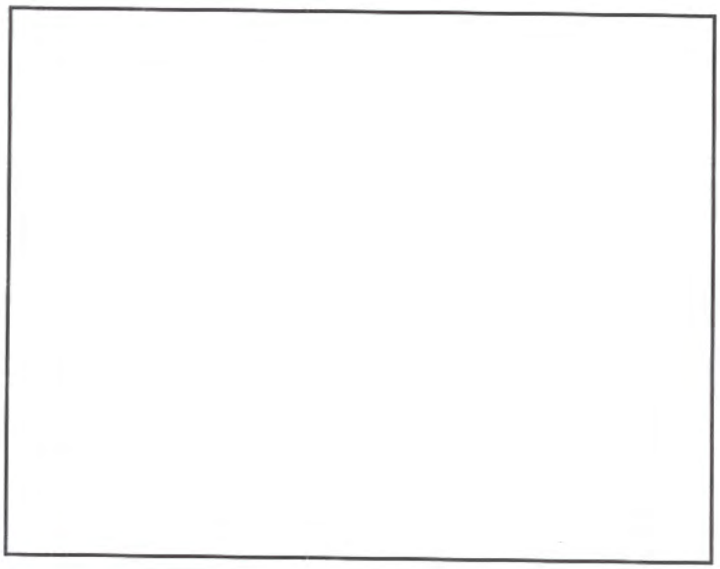
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[redacted]

It was found that these above named companies were either restricted as to their type of activity so as to be no longer useful to the agents on SIS or they had been exhausted by constant previous use. However this situation was remedied by the obtainance of additional and similar cover companies whose whole-hearted cooperation has been enlisted in this program.

By January 1, 1945, the following active cover companies were either being used in the Latin American Field or were available for use at that time.





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By January 1, 1945, other instances where agents had been of valuable service to their cover companies had come to light. One outstanding instance, a Special Agent [redacted] traveled to Brazil as a representative of [redacted] Brazil represents one of the leading outlets for the productions of [redacted] and had as its manager for the entire country a Brazilian of Italian ancestry. After the Bureau agent arrived in Brazil, the manager, who did not know the true identity of the agent, bent every effort to ascertain the agent's activities while in Brazil. Upon learning this, the Bureau agent conducted some investigation of the manager himself and to the extent that he became firmly convinced that the manager was misappropriating funds of the parent corporation. This information was discreetly passed on to the Vice-president in charge of all foreign operations of [redacted] accountants inspected the books and accounts of the Brazilian manager and learned that he was guilty of many acts of defalcation. He was dismissed and replaced by an American born manager and subsequently the Vice-president, [redacted] stated that because of the agent who became aware of the manager's activities, [redacted] probably saved hundreds of thousands of dollars in possible future misappropriations.

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Another Special Agent [redacted] likewise in Brazil in connection with work for the [redacted] prepared a complete survey dealing with the various legal problems encountered by any American corporation going into business in Brazil. This report was disseminated by the New York SIS office to several SIS cover companies all of whom expressed great interest in its contents.

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Another Special Agent [redacted] did such excellent work in Latin America as a foreign correspondent for [redacted] that the Editor-in-chief [redacted] stated that he was easily the best man that [redacted] has in the Latin American field.

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During the latter part of 1945 the New York SIS Office was moved to the space occupied by the New York Field Division in the United States Courthouse, Foley Square, New York City, in view of the uncertainity as to the Bureau's future in foreign intelligence.

Three new companies were developed for use as covers. These were:

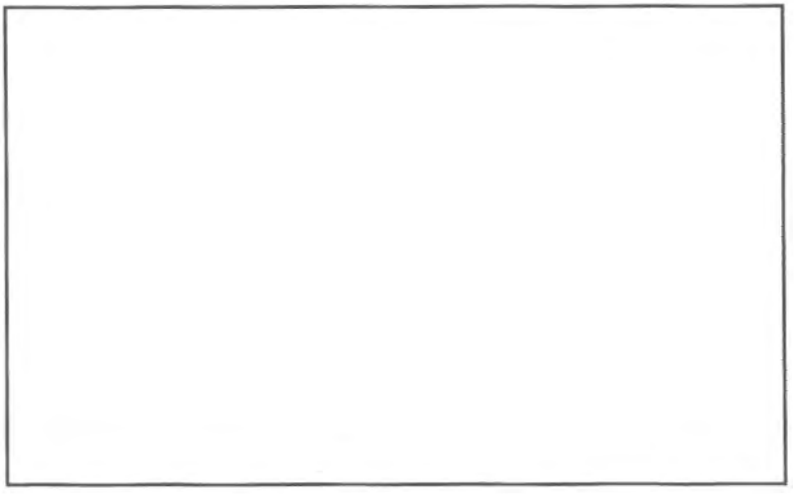
[redacted]

During 1945 and 1946, the following Companies were developed for use as Covers for SIS Undercover Agents: b7D b7E

[redacted]

Because of the discontinuance of the SIS Program all undercover personnel were withdrawn from Latin America prior to May 1, 1947. A review of the SIS Undercover Operations reflects that the following Companies were used as Covers for Bureau representatives during the period of SIS Operations:

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Letters of appreciation have been sent to most of the Executives of the Companies. Many have replied expressing their thanks for the services rendered to the Companies by the individual Agents and stating their willingness to be of similar service to the Bureau in the future, should the need arise.

D. COMMUNICATIONS

The establishment and maintenance of safe and rapid communications between the Seat of Government and the various SIS representatives in Latin America was from the outset one of the major problems of SIS. If the project of gathering intelligence information in Latin America was to serve any useful purpose it was imperative that the information reach Washington as safely and as rapidly as possible. Thus, a system had to be devised whereby an agent working undercover in some remote place in Latin America could get his reports to the Bureau with as little delay as possible in order that when they reached their destination they would be of value.

There existed the possibility of a long delay in the reports reaching Washington, due not only to the distance involved but due also to the relative inefficiency of the various Latin American postal systems. There existed also the possibility of the reports falling into unauthorized hands and either never reaching the Seat of Government or reaching it too late to be of any value. Not only was it necessary, therefore, to establish a system whereby an agent could get his reports to Washington, but it was necessary as well to evolve a system whereby the Bureau could communicate as safely and as rapidly as possible with the agent located in a foreign country in order to properly direct his activities.

1. Mail Drops and Double Talk Letters

At the outset it was deemed advisable to have the undercover agents in Latin America transmit their reports in "double talk." These reports were signed by the agent under a fictitious name, such as "Jose," "Juan," etc., and were addressed to a fictitious person at a New York City post office box. Numerous post office boxes were obtained by the Bureau in New York City under various fictitious names and each agent working undercover in Latin America sent his communications to his designated post office box. Experience proved that to prevent an agent from being uncovered, it was necessary to frequently change his post office box. (64-4105-17)

The various mail drops or post office boxes secured by the Bureau were scattered throughout the various postal stations and sub-stations in midtown and lower Manhattan. Each morning the incoming mail was secured from these boxes and forwarded to the Bureau. (64-4104) Outgoing mail to SIS representatives in Latin America was likewise sent in "double talk" and addressed to the agent at his residence or to a post office box obtained by him at his headquarters city in Latin America. b7E

[redacted]

Naturally, the system was far from perfect. Besides the delay in time involved, the actual outbreak of war created obstacles in the way of censorship. Mail coming from South America was subjected, in many instances, to the British censorship, (64-4100-38) as well as the censorship prevailing in certain Latin American countries. (64-4104) In addition, the mail had to

pass through the United States Censorship. Obviously some means had to be found to eliminate this highly undesirable situation and arrangements were made in New York City to have all the names of the Bureau's post office boxes placed on the Censorship White List so that mail addressed to these boxes would not be censored. (64-4104-98) Later these boxes were placed on the British White List.

[redacted]

b7E

2. Secret Inks and Codes

The use of secret ink by agents in Latin America also played an important part in the SIS communications system. Undercover agents were furnished with secret writing material which was utilized to great advantage by them in transmitting confidential communications to the Bureau. Besides secret ink, agents were equipped, of course, to transmit their messages in code and, of course, on the other hand were capable of receiving and decoding messages sent to them.

3. Diplomatic Pouches and Couriers.

With the establishment of many of our agents in various Embassies throughout Latin America, much of the difficulty in SIS communications was obviated. Agents attached to the Embassies could write directly to the Bureau and the Bureau was in a position to write directly to them by utilizing the diplomatic pouch. (64-4104-151) There still existed, however, the problem of an undercover agent transmitting his reports to the Bureau and arrangements were made whereby the reports of these undercover agents reached the American Embassy in the country in which they were operating and were then transmitted by the agent holding diplomatic status via the diplomatic pouch. One means of accomplishing this was to have an agent stationed in an Embassy obtain a post office box under a fictitious name in the Embassy city. The agent working undercover in that country could then dispatch his communications to this post office box where they could then be secured by the agent in the Embassy. (64-4104-62)

Besides the foregoing method of communication, the Bureau communicated with its agents in Latin America by means of couriers, agents working as State Department couriers and traveling throughout South America on regular schedules. (64-4104-218) This method of communication, although it might not have been the most rapid, insured that the communications were received intact and without being subjected to censorship. Agents acting as couriers were not only able to dispatch communications but also served as inspectors and "trouble shooters" and were also used to deliver, to the agents, the highly confidential cipher pads for their code messages as the need arose. (64-4104-218)

4. Cable Service.

[redacted]

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[redacted]

The facilities of the State Department were used for the shipment of parcels and freight so that it would not be apparent to shipping companies that the FBI operated outside of the United States. State Department Bills of Lading were employed with reimbursement being made periodically to that Department. For the dispatch of heavy articles, diplomatic steamer freight was used. Smaller items of a non-urgent nature travel by diplomatic ship pouch. After June of 1943 lightweight parcels of an urgent nature were sent by diplomatic air express to all points in Latin America. The diplomatic sea pouches were available for the shipment of personal items such as clothing and medicines provided postage was paid.

It was soon apparent that a more rapid and direct means of communication would be necessary for the proper and efficient functioning of SIS work and that the services of radio with all its advantages would have to be utilized.

5. FBI Radio Network.

A good portion of the task of establishing direct radio communication with our agents in Latin America was completed prior to April, 1941, when it was proposed to establish a radio station in South America. In August, 1940, the Bureau had completed and put into operation in the Justice Building in Washington a medium power police radio broadcast station. Subsequently, the Bureau obtained a small radio trasmitter and rented a site for a station on Chesapeake Bay. This station, which was later identified as the Bay Station, was completed and the circuit opened in March of 1941. Thus the Bureau already possessed adequate facilities as far as the Seat of Government was concerned for transmitting and receiving radio messages to Latin America when in April, 1941, it was proposed that a radio station be established in Bogota, Colombia, which would communicate directly with Washington. (64-4103)

The station at Bogota, Colombia, the first in the Bureau's SIS network, was established in February of 1942, and was an open station located in the American Embassy. Some of the obstacles surmounted in establishing this station enabled a quicker establishment of stations subsequently set up in other Latin American countries. The matter of establishing a station at Bogota was discussed with the State Department in July, 1941, and a relatively long delay ensued before the approval of the State Department and the American Ambassador to Colombia was obtained. (64-4103-7) Likewise, the consent of the Colombian Government had to be obtained. In this connection it is interesting to note that the Federal Communications Act specifically provides that no foreigner or representative of any foreign government can operate a radio station in the United States. It was feared that by requesting the Colombian Government for permission to establish a radio station within Colombia, the Colombian Government might make a similar request of this country which request would be difficult to grant in view of the Federal Communications Act. (64-4103-17) However, the matter was ironed out satisfactorily and the State Department advised the United States Ambassador to Colombia that the United States was prepared to accord Colombia reciprocal permission. (64-4103-29)

Testing with the station at Bogota, Colombia was satisfactorily completed by the Bay Station and on February 2, 1942, the circuit was available for radio communications. (64-4103-48) On February 6, 1942, our representative at Bogota was authorized to "immediately begin transmitting to the Bureau all types of information which you and other representatives secure which you deem should be transmitted by radio." (64-4103-49)

The next station to be established by the Bureau was at Santiago, Chile in May, 1942 (64-4294); and stations were completed at Quito, Ecuador in June, 1942 (64-4291); in Rio de Janeiro, Brazil in July, 1942 (64-4326); in Havana, Cuba in September, 1942 (64-4440); in Lima, Peru in November, 1942 (64-4318); Montevideo, Uruguay in December, 1942 (64-4470); in Asuncion, Paraguay in August, 1943 (64-4505); San Jose, Costa Rica in August, 1943 (64-4113) and in La Paz, Bolivia in July, 1943 (64-4103-A-32)

Following the request of the State Department in October, 1943 that the Bureau curtail its activities in Latin America, plans for the enlargement of the SIS network were abandoned. Equipment already received but not installed was returned to Managua, Nicaragua (64-4928). Plans for radio installations at the following points were abandoned in December, 1943 because of the State Department request: Caracas, Venezuela (64-4567-24); Buenos Aires, Argentina (64-4518-33) and Mexico, D. F. (64-4327). In the same month, the stations which had been installed and were in operation at Ciudad Trujillo, Dominican Republic and Port-au-Prince, Haiti were dismantled and returned to the United States. (64-4501-43)

All radio messages were in cipher pad code. During the month of November, 1942, 625 radiograms, including both incoming and outgoing, were handled by the Communications Section. As a matter of interest, there is set forth the cable and radio traffic on the SIS network for the month of January, 1944:

Cable Traffic

Incoming	138
Outgoing	123

Radio Traffic

Santiago	Incoming	33
	Outgoing	28
Havana	Incoming	60
	Outgoing	36
Montevideo & Buenos Aires	Incoming	133
	Outgoing	88
La Paz	Incoming	28
	Outgoing	28
Quito	Incoming	12
	Outgoing	21
Bogota	Incoming	33
	Outgoing	23
Lima	Incoming	29
	Outgoing	29
Rio de Janeiro	Incoming	46
	Outgoing	34
San Jose	Incoming	12
	Outgoing	20
Asuncion	Incoming	20
	Outgoing	18

At the Washington end of the SIS radio network, the Bureau established a new transmitting set at Waldorf, Maryland and a receiving site in connection with communications at Clinton, Maryland, making it possible through the use of keying lines between these points to carry on communications with three outside points simultaneously.

The radio station at Lima was equipped with a 450 watt transmitter and a 1000 watt transmitter, both of which were located in the Embassy. Lima was designated as a relay point for the stations south of the equator, inasmuch as these stations could not always transmit through to Washington under certain atmospheric conditions. In an emergency, the Bureau could, through Lima, maintain twenty-four hour contact with any station. The Bureau maintained twenty-four hour monitoring service on the Lima Station, which in turn maintained twenty-four hour coverage of the stations south of the equator. Schedules were kept with all stations by the Bureau daily, except Sunday.

The Radio Operators at the SIS Stations, when not engaged in handling Bureau traffic or servicing their equipment, monitored certain frequencies in conjunction with monitoring done by the Bureau in the United States.

During November, 1944, a radio station was established in the Office of the Legal Attache at San Salvador, El Salvador. Traffic between that office and the Bureau was instituted by means of this station on December 1, 1944.

On April 20, 1945, the Radio Station at La Paz, Bolivia was moved to a new location. Early in 1946 a new station was installed at Managua, Nicaragua, which commenced operation February 5, 1946. At about the same time a new station was installed at Caracas, Venezuela, which started operations on April 29, 1946.

During the early part of 1946, the Ambassador in Bogota, Colombia, foresaw the possibility of trouble during the forthcoming elections which were scheduled to be held on May 5th. He felt that there might be a possibility, as a result of this trouble, that he would be unable to travel from his Home to the Embassy which was rather a long distance. He, therefore, suggested that the Bureau install in his home an emergency transmitter so that he could still communicate with Washington in such an event. About May 1st, a low-powered portable emergency transmitter was installed at the Ambassador's home.

There is set forth below a recapitulation of the radio and cable traffic for the period July 1, 1944 to June 1, 1946.

RADIO TRAFFIC

Total Incoming Messages	6848
Total Outgoing Messages	6445

CABLE TRAFFIC

Total Incoming Messages	3600
Total Outgoing Messages	3794

Total Incoming Radio and Cable Messages..... 12,448

Total Outgoing Radio and Cable Messages..... 10,239

In order to show the recent volume of traffic handled by the Communications Section the traffic for May, 1946, is set forth below.

RADIO TRAFFIC

Total Incoming Messages	437
Total Outgoing Messages	309

CABLE TRAFFIC

Total Incoming Messages	149
Total Outgoing Messages	117

During the period from July 1, 1944 to June 1, 1946, a total of 1,962,655 code groups were handled over the Bureau's radio network and a total of 583,720 code groups were handled by cable. This makes a total of 2,546,375 code groups handled during that period.

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There is being set out below figures showing the number of radio and cable messages and code groups handled during the period from June 1, 1946 to May 1, 1947.

RADIO

Total Messages	--	4,909
Total Groups	--	845,095

CABLE

Total Messages	--	1,181
Total Groups	--	157,214

Records on the number of radio and cable groups handled have been maintained by the Communications Section since about the middle of 1943. These records indicate that the following number of groups had been handled up to May 1, 1946.

By Radio	---	4,424,852
By Cable	---	1,091,194

The SIS radio network was not extended to the European offices which necessitated those offices utilizing State Department facilities. Subsequent to the Bureau's withdrawal from the SIS field, the Bureau's liaison offices have utilized the State Department facilities for mail and cables.

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PEAK SIS COVERAGE - OCTOBER 1945



140 - A

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E. DEVELOPMENT OF COVERAGE

1. 1940

On July 3, 1940 the first Special Agents left the United States SIS undercover assignments. At that time Special Agent [redacted] and Special Agent [redacted] were sent to Havana, Cuba and Special Agent [redacted] was sent to Mexico, D. F. These three Agents went on this assignment as representatives of [redacted] This cover was obtained for them through the friendship between the Director and [redacted] who had an interest in [redacted] and was able to send these men out as its representatives with their true identity being known to only one but himself and one trusted employee.

Shortly prior to this, Special Agent [redacted] who had previously been in South America for the Bureau to conduct police schools, had been sent to Quito, Ecuador on June 26, 1940. Although [redacted] at this time was traveling on an official passport, his identity as an FBI Agent was not generally known in Quito. (64-4008-X7)

In July, 1940, the Bureau also sent Special Agent [redacted] to Martinique in an official capacity in company with the United States Marshal for Puerto Rico, one [redacted] where [redacted] remained for a two-week period, returning because he was unable to obtain permission of the French authorities to transmit messages in code and hence could not function properly at that point. (64-4010-1)

In August of 1940, [redacted] went to Caracas, Venezuela, likewise in an official capacity, where he remained for a period of approximately one month, proceeding from Caracas to Bogota, Colombia in September of 1940 to hold a training program in counter-intelligence work for the Colombian Army. (64-4010-9,13) [redacted] work in this training program will be discussed in a separate section of this memorandum but his presence in Bogota is being mentioned here as we obtained some SIS coverage through him.

In August of 1940, Special Agent [redacted] was sent to Mexico, D. F. in an undercover capacity for a period of approximately one month to perform special investigative work in connection with the "Ducase Case." 64-4020-2,6) [redacted] did no work for the SIS Division at that time.

On August 2, 1940, the National Defense Committee considered a suggestion from the Military Attache in Mexico, D. F. that the FBI station ten or twelve Agents in the interior of Mexico and recommended that we not assign additional men to Mexico at that time. At that time the Bureau had Special Agent [redacted] in Mexico in an undercover capacity. (64-5002-39)

During the fall of 1940, Assistant Director P. E. Foxworth traveled throughout South America as a member of an economic commission set out by Nelson Rockefeller, as Coordinator of Commercial and Cultural Relations with Latin America. Mr. Foxworth traveled with this commission in an undercover capacity, his true identity not being known to the other members of the commission or to persons in the cities visited. Mr. Foxworth on this trip contacted SIS representatives throughout South America. (64-5002-25)

Likewise during August, 1940, arrangements were made with an American businessman in Sao Paulo, Brazil by the name of [redacted] to act as an informant for the Bureau furnishing us with SIS coverage. [redacted] functioned as a Bureau informant in Sao Paulo up until May, 1941, when his services were discontinued due to his becoming known to British censorship authorities. (64-4014-5,38) b7D

In September of 1940, Special Agent [redacted] was sent to Colombia as a representative of [redacted] an export firm in New York City. Agent [redacted] cover was likewise secured through the friendship between the Director and [redacted]

In September of 1940, Special Agent [redacted] was sent to Portau-Prince, Haiti in an open capacity to do police instruction work. Agent [redacted] was recalled in October, 1940, because of lack of cooperation on the part of the Haitian authorities. (64-4015-1,8)

In September of 1940, Special Agent [redacted] was moved from Havana, Cuba, to Caracas, Venezuela, still operating as a representative of [redacted]

In September of 1940, SAC Gus T. Jones of the San Antonio Field Division was sent to Mexico City in an open capacity and attached to the Embassy at that point. (64-4009-1) This was the first Bureau Agent that was attached to a United States Embassy as a representative of the Bureau's SIS Division.

In September of 1940, Special Agent [redacted] was sent to Montevideo, Uruguay; Special Agent [redacted] to Rio de Janeiro, Brazil and Special Agent [redacted] to Buenos Aires, Argentina. All three of these Agents traveled as representatives of the Importers and Exporters Service Company, which had been set up by the Bureau to furnish covers for SIS representatives traveling in an undercover capacity. The establishment and functioning of this organization will be discussed separately. b7C b7D b7E

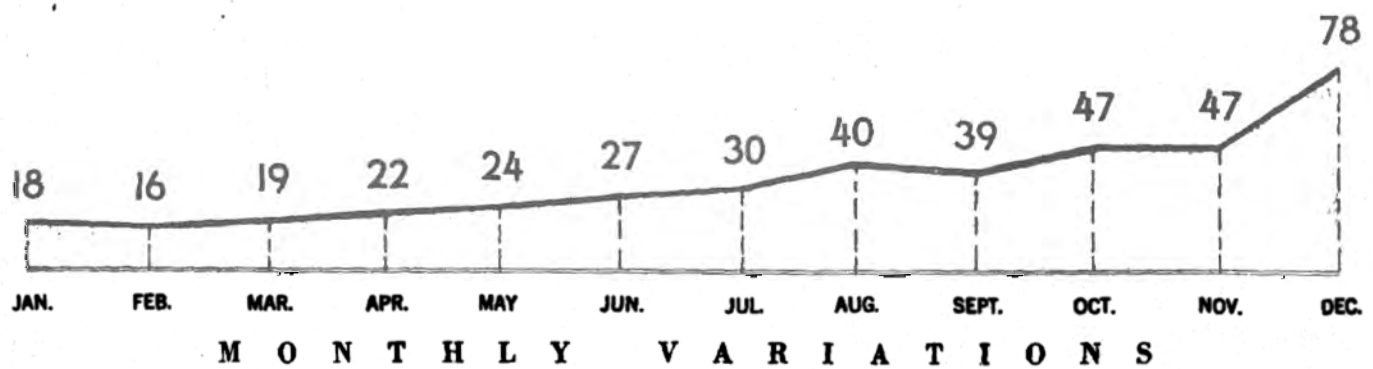
Likewise during the fall of 1940 the Bureau employed several individuals as Special Employees for undercover SIS work in Central and South America. The first of these, [redacted] (now Special Agent) was sent to Lima, Peru in September of that year under the cover of a representative of the Importers and Exporters Service Company. (64-4039-3)

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142 - A

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1941



MONTHLY VARIATIONS

SECRET

In October, 1940, Special Employee [redacted] was employed to travel over the entire continent of South America in an undercover capacity. [redacted] traveled in and around South America until June, 1941, when he severed his connection with the Bureau. (64-4030-1,47) b7C

In November of 1940, a Special Employee by the name of [redacted] was sent to Rio de Janeiro, Brazil in an undercover capacity. (64-4045-5) b7C

In December of 1940, the Bureau secured, through the assistance of [redacted], four individuals as Special Employees for SIS work who had legitimate excuses for travel in South and Central America. One of these individuals was sent to Nicaragua in December of 1940 and another to Lima, Peru also in December, the third to Guatemala City, Guatemala in January of 1941, and the fourth to San Jose, Costa Rica in January of 1941. (64-4051-9; 64-4054-14; 64-4055-10; 64-4061-2) b7C

Previous to this, we had also had Special Agent [redacted] in Port-au-Prince, Haiti on an undercover assignment for a very short period during September, 1940. (64-4040-1,6)

Thus at the end of 1940, after approximately six months of SIS operations, we had Special Agents and Special Employees in undercover capacities at the following cities:

Buenos Aires, Argentina
Porto Alegre, Brazil
Rio de Janeiro, Brazil (two men)
Santiago, Chile
Bogota, Colombia
Havana, Cuba
Mexico, D. F. (assigned to Embassy)
Managua, Nicaragua
Lima, Peru (two men)
Caracas, Venezuela
One Special Employee traveling throughout South America

In addition, the SIS Division was receiving reports at this time from Special Agent [redacted], who was in an open capacity at Bogota, Colombia training the Colombian Army for counter-intelligence activities, having replaced Special Agent [redacted] in that assignment. b7C

2. 1941 b7C

On April 17, 1941, the Bureau took up the matter of obtaining diplomatic status for a limited number of SIS representatives with the State Department.

At that time, Mr. Berle advised that our need for this diplomatic status was appreciated but that it would be a difficult job to bring other people in the State Department around to our way of thinking. He advised the Bureau that he would see what could be done in this regard. (64-4104-3)

During these four months, from December, 1940, to April, 1941, little increase in coverage was made by the SIS Division and at the end of April, 1941, we had increased our coverage so as to include undercover representatives at Monterrey, Mexico; Tampico, Mexico; Veracruz, Mexico; Mazatlan, Mexico and Sao Paulo, Brazil. In addition an SIS representative had been assigned to the American Embassy at Bogota, Colombia in an open capacity, this assignment having been made at the request of the American Ambassador at that point, Mr. Spruille Braden, who, following the completion of the Bureau's training program for the Colombian Army, had requested that we assign a Bureau Agent to the American Embassy in Bogota to handle the coordination of all intelligence activities at that point for the duration of the present emergency.

On May 3, 1941, the State Department advised that arrangements had been made whereby we could assign representatives to the Embassy in most of the South American countries. (64-4175-1)

On May 8, 1941, Mr. Fletcher Warren of the State Department advised that he believed our proposition to give SIS representatives diplomatic status could not be approved in view of objections on the part of State Department officials to having diplomatic service involved in espionage or secret intelligence operations. (64-4104-12)

On May 19, 1941, the State Department suggested that the Bureau consider increasing its coverage in South America on a considerable scale. At that time we advised the State Department that the facilitating of our request for the designation of several of our men as Vice Consuls and Attaches would help a great deal in increasing our coverage. (64-4175-27)

In this connection it should be noted that prior to sending one of our representatives to an Embassy it has been necessary to secure an express invitation from the Ambassador involved and that accordingly it was not until some time after this date that we were able to begin assigning Agents to South American Embassies.

During the quarter year from April to July, 1941, but little increase was made in the coverage of the SIS Division and on July 2, 1941, after one year of operation, the SIS Division had Special Agents and Special Employees on undercover assignments in the following Latin American cities:

Buenos Aires, Argentina
Natal, Brazil
Rio de Janeiro, Brazil (three men)

Sao Paulo, Brazil
Concepcion, Chile
Santiago, Chile
Barranquilla, Colombia
San Jose, Costa Rica
Havana, Cuba
Guatemala City, Guatemala
Tegucigalpa, Honduras
Acapulco, Mexico
Mexico, D. F. (three men)
Monterrey, Mexico
Tampico, Mexico
Managua, Nicaragua
Lima, Peru
Caracas, Venezuela

In addition we had SIS representatives attached to the American Embassy at Mexico, D. F. and Bogota, Colombia and two Bureau Agents in open capacities at Lima, Peru, who, while primarily in that city on a police training program, were furnishing the SIS Division with some coverage from that point.

During June, 1941, it was proposed that this Bureau assign two Special Agents to Lisbon, Portugal which proposal met with the approval of the State Department, ONI and MID. (64-4175-9)

There was a continuing effort on the part of the Bureau to assign Agents to Portugal but up to that time it was impossible either for an undercover Agent to obtain a visa as a commercial representative or for the staff at the American Embassy in Lisbon to be increased to permit the assigning of an Agent at that point.

On June 24, 1941 the State Department approved the assigning of one of our Agents to Hamilton, Bermuda to act as a liaison representative with the British at that point. As a consequence, a Special Agent was dispatched to Hamilton, Bermuda to act as an official representative of the Bureau at that point and a liaison agent with the British. (64-4175-54)

On August 14, 1941, it was determined after considerable effort that it would be impossible for the Bureau to send an Agent to Fort de France, Martinique, and accordingly efforts to send a man at that point were temporarily discontinued. (64-4175-52)

On August 23, 1941, the State Department requested the Bureau to send Agents to the American Embassy at Lima, Peru and Caracas, Venezuela and an Agent to Quito, Ecuador to cooperate with the Ecuadorian Government. (64-4175-66)

It will be noted that we had been attempting to assign Agents to Embassies in South America for some time and had been attempting to obtain such a request from the State Department.

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[redacted] (64-4175-74)

On September 2, 1941, the Bureau advised the State Department that they believed the efficient operation of the SIS Division on a long-term basis would require the service of 250 Special Agents. (64-4100-54)

The State Department on the same date advised that it was completely in accord with this proposition. (64-4100-55)

At that time it was contemplated that this maximum number of 250 Agents would be reached by November, 1942. (64-4100-112)

On September 22, 1941, we received a request from the Embassy in Santiago, Chile for the assignment of an Agent at that point. (64-4175-89)

On September 13, 1941, [redacted] suggested that we assign men to Trinidad and Jamaica to act as liaison representatives in the same capacity as the Agent assigned to Bermuda. (64-4175-100) b2 b7D

After consideration by the Bureau it was determined that this additional liaison with the British was desirable and accordingly the assignment of Agents to Trinidad and Jamaica was approved and Agents dispatched to those points during February, 1942. (64-4175-101)

During the four months from July to October, 1941, coverage was increased considerably and as of October 22, 1941, we had Agents on undercover assignment at the following cities:

Bahia Blanca, Argentina
Buenos Aires, Argentina (three men)
Rosario, Argentina
La Paz, Bolivia
Bahia, Brazil
Natal, Brazil
Porto Alegre, Brazil (two men)
Rio de Janeiro, Brazil
Sao Paulo, Brazil
Concepcion, Chile
Santiago, Chile
Barranquilla, Colombia
San Jose, Costa Rica (two men)
Havana, Cuba
Guayaquil, Ecuador

Quito, Ecuador
San Salvador, El Salvador (two men)
Guatemala City, Guatemala (two men)
Tegucigalpa, Honduras
Acapulco, Mexico
Mexico, D. F. (three men)
Tampico, Mexico
Managua, Nicaragua (two men)
Asuncion, Paraguay
Montevideo, Uruguay
Caracas, Venezuela
Maracaibo, Venezuela

During this period we had also assigned Agents in open capacities to the American Embassy at Santiago, Chile; Rio de Janeiro, Brazil and Caracas, Venezuela, which, together with the SIS representatives already assigned to the Embassy at Bogota, Colombia and Mexico, D. F., gave us a total of five Embassy representatives throughout South America.

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On November 7, 1941, we advised the State Department that it was believed highly desirable that we have Agents assigned to the American Embassy at Montevideo, Uruguay; La Paz, Bolivia and Asuncion, Paraguay. At that time the State Department advised us that at the present time the Embassies at those points were not desirous of having Bureau Agents assigned to their Embassy but that the State Department believed that in a very short time they would be receptive to that idea.

On December 11, 1941, pursuant to a desire to increase our coverage in Mexico, we dispatched seven additional Agents to Mexico with the result that we had coverage at the following points:

Acapulco
Baja California (two men)
Chilhuahua
Guadalajara
Guaymas
Hermosillo
Manzanillo
Mazatlan
Mexico City (four men)
Monterrey
Tampico
Torreon
Veracruz

This additional Mexican coverage was believed desirable in view of the declaration of war to secure immediately all information available regarding any secret landing fields or other military preparations our enemies might have made in Mexico. (64-4175,121)

On January 3, 1942, we had the following undercover representation in South and Central America:

Bahia Blanca, Argentina
Buenos Aires, Argentina (two men)
Cordoba, Argentina
La Plata, Argentina
Rosario, Argentina
Tucuman, Argentina
La Paz, Bolivia
Bahia, Brazil
Natal, Brazil
Porto Alegre, Brazil
Recife, Brazil
Rio de Janeiro, Brazil (three men)
Santos, Brazil
Sao Paulo, Brazil
Antofagasta, Chile
Santiago, Chile (two men)
Barranquilla, Colombia (two men)
Bogota, Colombia
Cali, Colombia
Medellin, Colombia
San Jose, Costa Rica
Havana, Cuba
Santiago, Cuba
Ciudad Trujillo, Dominican Republic
Guayaquil, Ecuador
Quito, Ecuador
San Salvador, El Salvador (two men)
Guatemala City, Guatemala
Port-au-Prince, Haiti
Tegucigalpa, Honduras
Acapulco, Mexico
Chihuahua, Mexico (two men)
Guadalajara, Mexico
Guayaquil, Mexico
Hermosillo, Mexico
La Paz, Baja California, Mexico
Manzanillo, Mexico
Mexico, D. F.
Monterrey, Mexico
Tampico, Mexico
Torreon, Mexico
Veracruz, Mexico
Managua, Nicaragua
Asuncion, Paraguay
Lima, Peru
Montevideo, Uruguay (three men)
Caracas, Venezuela
Maracaibo, Venezuela

We also had Special Employees working in undercover capacities in the following cities:

Rio de Janeiro, Brazil
San Jose, Costa Rica
Havana, Cuba
Guatemala City, Guatemala
Baja California, Mexico
Mexico, D. F.
Managua, Nicaragua
Lima, Peru

In addition to these undercover representatives we had open representatives assigned to the American Embassies at the following points:

Rio de Janeiro, Brazil
Santiago, Chile
Bogota, Colombia (two men)
Quito, Ecuador
Mexico, D. F. (two men)
Lima, Peru (two men)
Caracas, Venezuela

We likewise had an Agent assigned as a liaison man with the British at Hamilton, Bermuda in an open capacity. Also during the latter part of December, 1941, we had established two individuals as traveling inspectors. Both of these men were traveling in an undercover capacity, one as a courier for the State Department and the other as a traveling news reporter.

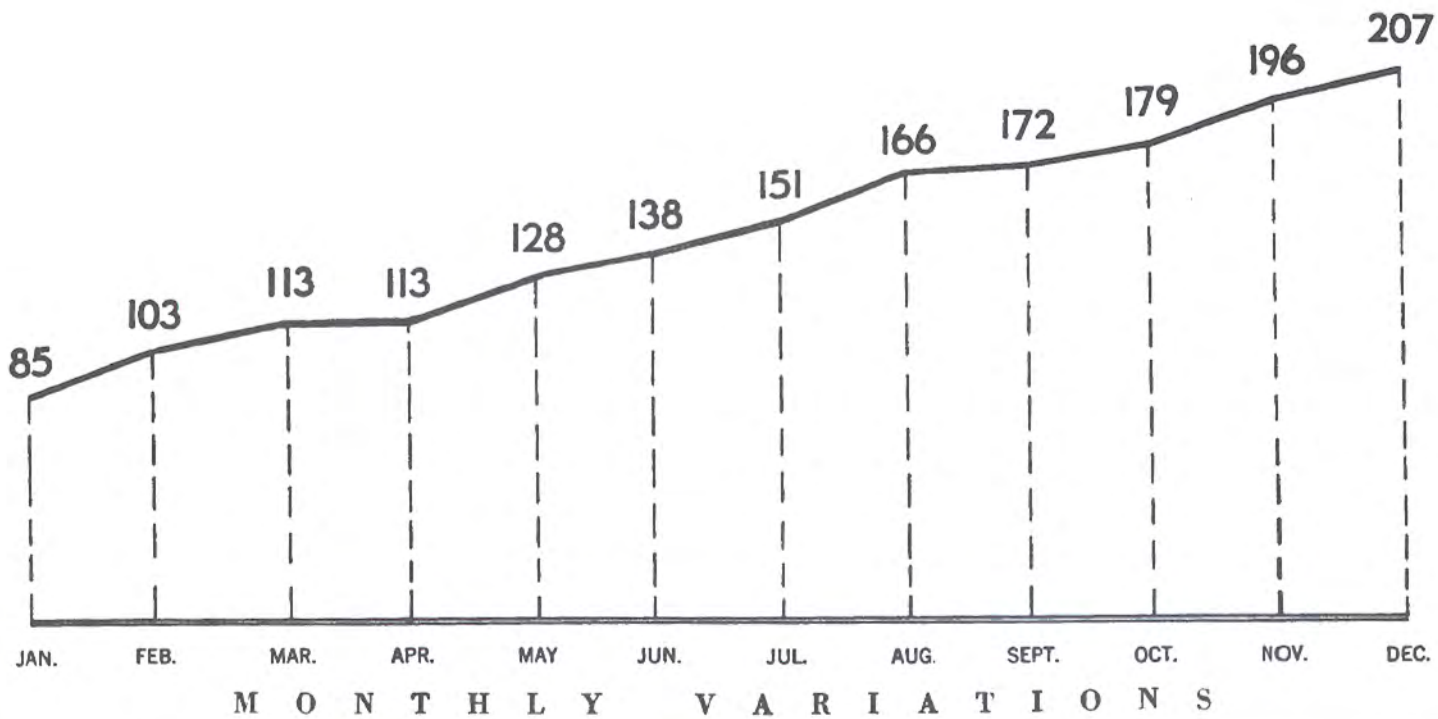
On December 15, 1941, Mr. Tamm advised a conference at the State Department that we were most anxious to increase our courier setup in order that we might have more than one man acting as a courier and contacting our various Agents in South America. Mr. Tamm also pointed out to the State Department that it was very desirable that the diplomatic pouch be made available for our Agents to send material to the United States. Mr. Tamm also discussed the possibility of adding to our radio coverage in South America, pointing out that we were then establishing a station in Bogota, Colombia and that there would be other points in South America where it would be very advantageous to have a radio station. (64-4104-54)

On December 19, 1941, the State Department requested that we assign a cryptographist to assist [redacted] In this connection the State Department stated that Colonel Donovan had been "messing around" with [redacted] and that this plan was apparently one of his brain children. The State Department expressed the opinion that if the Bureau could not handle this Donovan would attempt to step in. In view of this situation, the Bureau assigned a cryptographist to [redacted] (64-4175-153)

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NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1942



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b7C
b7D

On January 14, 1942 as an example of the type of coverage obtained by the SIS Division, we were able to state that one of our undercover representatives was personally acquainted with the [redacted] and had on many occasions been invited by the [redacted] to accompany him on fishing trips, especially over the week-ends. Another undercover SIS representative was intimately acquainted with the [redacted] and in the same country another of our representatives had on many occasions discussed important matters with the [redacted] Another SIS representative of the FBI was not only a personal acquaintance of the [redacted] but was personally acquainted with members of the [redacted] family and had on several occasions talked with the [redacted] concerning various matters. Still another representative of the FBI was personally acquainted with the [redacted] (64-4000-53).

3. 1942

On January 14, 1942, the State Department advised that the Ambassador at Santiago, Chile was desirous of having more Bureau Agents assigned to the Embassy at that point. We accordingly dispatched two additional Special Agents to that Embassy. (64-4175-127)

b1

[redacted]

[redacted] (64-4175-146)
(S)

On March 30, 1942, it was ascertained that it would be unnecessary to assign an SIS representative to Dutch Guiana in view of the fact that MID was assigning one of their undercover men to that point. (64-4175-149)

In connection with the assignment of a Bureau Agent to French Guiana it might be pointed out that up to that time it had been impossible for one of our undercover representatives to secure a visa from the French authorities for travel to that point.

b7C

On April 18, 1942, after considerable effort on the part of the Bureau and as a direct result of a visit made by Special Agent [redacted] to the American Embassy at Buenos Aires, Argentina, an invitation was finally received from the American Ambassador at that point for the Bureau to assign an Agent to work in the Embassy. (64-4175-169)

On April 23, 1942, the State Department gave the Bureau clearance to send male stenographers to assist our representatives in Bogota, Colombia; Quito, Ecuador; Santiago, Chile; Rio de Janeiro, Brazil and Caracas, Venezuela. (64-4000-64)

On April 28, 1942, after approximately six months of discussion an Agent was finally dispatched to Canada to act as a liaison representative with the Canadian and British authorities. (64-4175-171)

As of July 1, 1942, we had undercover representatives in the following cities:

Location	Number of Men
Bahia Blanca, Argentina	one
Buenos Aires, Argentina	eleven
Cordoba, Argentina	one
Mendoza, Argentina	one
Posadas, Argentina	one
Rosario, Argentina	one
Santa Fe, Argentina	one
Tucuman, Argentina	one
Cochabamba, Bolivia	one
La Paz, Bolivia	one
Oruro, Bolivia	one
Belem, Brazil	one
Bello Horizonte, Brazil	one
Porto Alegre, Brazil	one
Recife, Brazil	one
Rio de Janeiro, Brazil	four
Sao Paulo, Brazil	three
Sao Salvador, Bahia, Brazil	one
Antofagasta, Chile	one
Concepcion, Chile	one
Puerto Varas, Chile	one
Santiago, Chile	five
Valparaiso, Chile	one
Barranquilla, Colombia	four
Bogota, Colombia	four
Cali, Colombia	one
Medellin, Colombia	one
San Jose, Costa Rica	one
Havana, Cuba	two
Ciudad Trujillo, Dominican Republic	one
Guayaquil, Ecuador	two
Quito, Ecuador	three
San Salvador, El Salvador	two

Location	Number of Men
Guatemala City, Guatemala	one
Port-au-Prince, Haiti	one
Tegucigalpa, Honduras	two
Acapulco, Mexico	one
Baja California, Mexico	one
Chiapas, Mexico	one
Chihuahua, Mexico	two
Guadalajara, Mexico	one
Hermosillo, Mexico	one
Mazatlan, Mexico	one
Mexico, D. F.	one
Monterrey, Mexico	one
Sinaloa, Mexico	one
Tampico, Mexico	one
Torreon, Mexico	one
Managua, Nicaragua	one
Asuncion, Paraguay	four
Lima, Peru	three
Talara, Peru	one.
Montevideo, Uruguay	four
Caracas, Venezuela	four
Maracaibo, Venezuela	one

We also had Special Employees working in an undercover capacity in the following places:

Rio de Janeiro, Brazil (three men)
Santiago, Chile (two men)
Bogota, Colombia
San Jose, Costa Rica (two men)
Havana, Cuba
Quito, Ecuador (two men)
Guatemala City, Guatemala
Baja California, Mexico (two men)
Mexico, D. F. (three men)
Sonora, Mexico
Managua, Nicaragua
Panama City, Panama (two men)
Lima, Peru (two men)

We also had men stationed in the Embassies, Legations or Consulates at the following points:

Buenos Aires, Argentina
La Paz, Bolivia (two men)
Rio de Janeiro, Brazil (two men)

Santiago, Chile (three men)
Valparaiso, Chile
Bogota, Colombia (three men)
Quito, Ecuador (two men)
Port-au-Prince, Haiti
Mexico, D. F. (two men)
Lima, Peru
Montevideo, Uruguay
Caracas, Venezuela

In addition we had men stationed at Hamilton, Bermuda; Ottawa, Canada; Port of Spain, Trinidad and Kingston, Jamaica.

We also had an Agent at Managua, Nicaragua and an Agent at Havana, Cuba in open capacity engaged in police training projects.

We had increased our inspection staff to three, two of these inspectors being undercover and the other traveling openly as a representative of the Bureau. Furthermore, as of July 1, 1942, we had radio operators stationed in Bogota, Colombia; Santiago, Chile; Rio de Janeiro, Brazil and Quito, Ecuador. We also had a cryptographer assigned to the Embassy at [redacted] b7D

On July 3, 1942, the American Ambassador at Santiago, Chile recommended that FBI Agents be assigned as Vice Consuls in seven additional points in Chile. (64-4175-244)

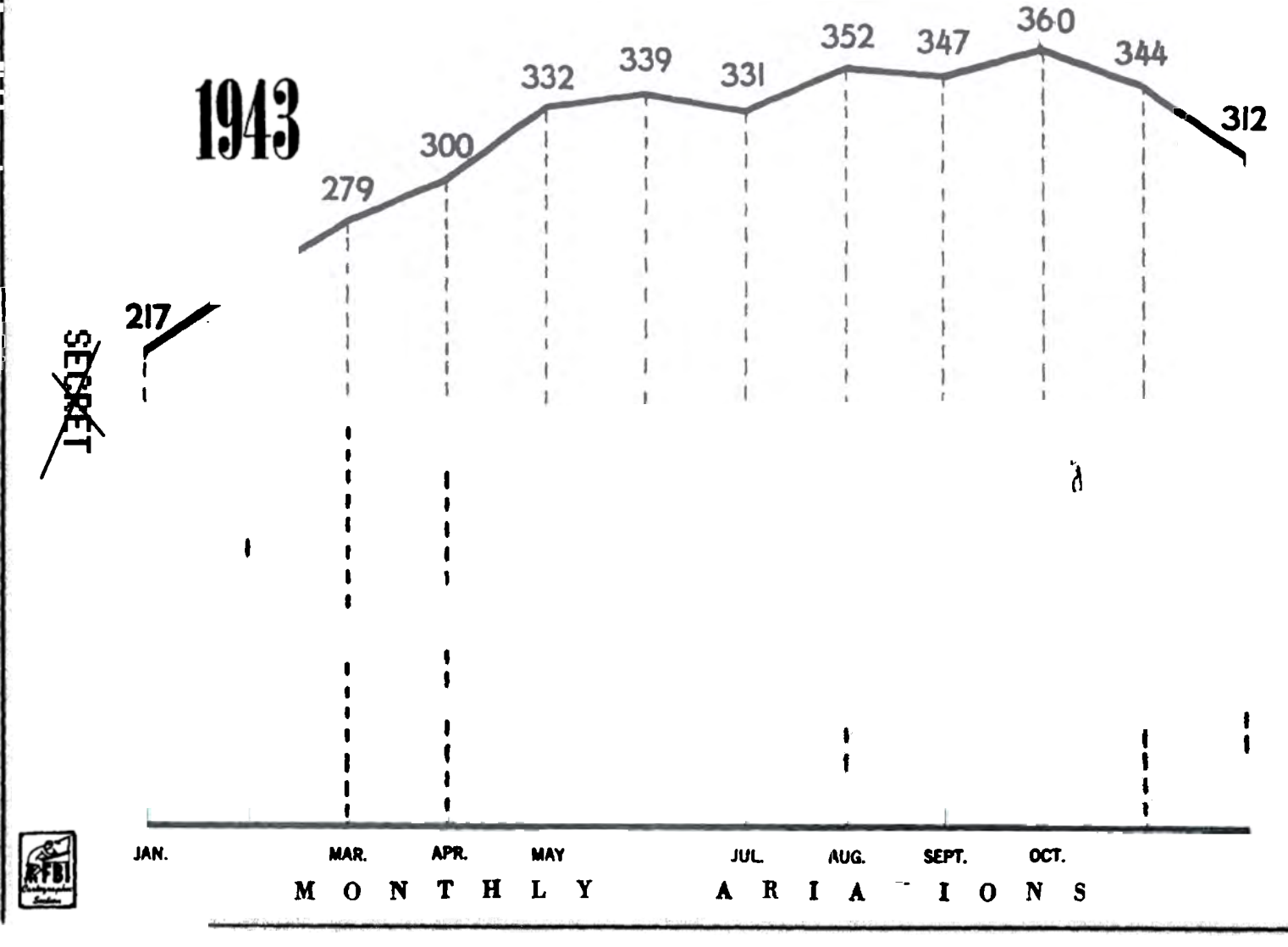
In this connection it might be noted that while in many cases we had extreme difficulty in obtaining an original request from the American Ambassador for an Agent to be assigned to his Embassy, that after such requests had been obtained and Agents assigned to the Embassy, it was possible for these Agents in practically all cases to sell themselves and the work of the Bureau to the Ambassador to such an extent that all requests for additional personnel were readily granted and many times requests were made without being solicited by the Bureau.

On July 28, 1942, the State Department advised the Bureau that the American Ambassador in Argentina had requested that we assign Agents to the Consulates at Rosario and Bahia Blanca as assistants to the Consul. Accordingly these Agents were dispatched during August 1942. (64-4175-202)

As of September 30, 1942, at which time there were 197 Agents on SIS assignment, the number of Agents to be used on SIS assignment was increased and at that time it was planned to increase the SIS Division to 350 Agents by June 30, 1943 and to continue this increase until a total of 500 Agents was reached, probably during December, 1943, which number it was believed would be sufficient to give the Bureau proper coverage in South and Central America. (64-4100-156)

SECRET

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR



The State Department advised of its approval of this contemplated expansion and the SIS Division continued its expansion at the approximate rate of 25 Agents per month towards the goal of 500 Agents. (64-4100-162)

4. 1943

As of January 4, 1943 we had undercover representatives in the following cities:

Location	Number of Men
Bahia Blanca, Argentina	one
Buenos Aires, Argentina	eighteen
Cordoba, Argentina	one
La Plata, Argentina	one
Mar del Plata, Argentina	one
Mendoza, Argentina	one
Rosario, Argentina	one
Tucuman, Argentina	one
La Paz, Bolivia	two
Sucre, Bolivia	one
Recife, Brazil	one
Rio de Janeiro, Brazil	six
Sao Paulo, Brazil	six
Concepcion, Chile	one
Puerto Montt, Chile	one
Santiago, Chile	five
Valparaiso, Chile	two
Bogota, Colombia	four
Buenaventura, Colombia	one
Cali, Colombia	one
Medellin, Colombia	one
San Jose, Costa Rica	one
Havana, Cuba	three
Guayaquil, Ecuador	one
Quito, Ecuador	two
San Slavador, El Salvador	one
Guatemala City, Guatemala	two
Port-au-Prince, Haiti	one
Tegucigalpa, Honduras	two
Beja California, Mexico	one
Chihuahua, Mexico	one
Guadalajara, Mexico	two
Hermosillo, Mexico	one
Mazatlan, Mexico	one
Merida, Mexico	two
Mexico, D. F.	seven
Monterrey, Mexico	one
Tampico, Mexico	two
Veracruz, Mexico	two
Managua, Nicaragua	one

Location	Number of Men
Asuncion, Paraguay	two
Lima, Peru	six
San Salvador, El Salvador	one
Montevideo, Uruguay	three
Caripito, Venezuela	one
Caracas, Venezuela	four
Maracaibo, Venezuela	one

We had in addition Special Employees working in undercover capacities in the following places:

Rio de Janeiro, Brazil
San Jose, Costa Rica (two men)
Havana, Cuba
Guatemala City, Guatemala
Acapulco, Mexico
Baja California, Mexico (two men)
Chihuahua, Mexico
Mexico, D. F.
Tampico, Mexico
Managua, Nicaragua
Panama City, Panama (three men)
Lima, Peru (two men)

We also had Agents assigned in open capacity at the following Embassies, Legations and Consulates:

Location	Number of Men
Bahia Blanca, Argentina	one
Buenos Aires, Argentina	five
Rosario, Argentina	one
La Paz, Bolivia	two
Bahia, Brazil	one
Belem, Brazil	one
Fortaleza, Brazil	one
Natal, Brazil	one
Porto Alegre, Brazil	one
Recife, Brazil	one
Rio de Janeiro, Brazil	three
Santos, Brazil	one
Sao Paulo, Brazil	two
Victoria, Brazil	one
Antofagasta, Chile	one
Arica, Chile	one
Concepcion, Chile	one
Osorno, Chile	one

Location	Number of Men
Punta Arenas, Chile	one
Santiago, Chile	five
Tocopilla, Chile	one
Valdivia, Chile	one
Valparaiso, Chile	two
Barranquilla, Colombia	one
Bogota, Colombia	two
Medellin, Colombia	one
San Jose, Costa Rica	two
Antilla, Cuba	one
Cienfuegos, Cuba	one
Havana, Cuba	nine
Santiago de Cuba	one
Ciudad Trujillo, Dominican Republic	two
Guayaquil, Ecuador	one
Quito, Ecuador	three
San Salvador, El Salvador	one
Guatemala City, Guatemala	one
Port-au-Prince, Haiti	one
Mexico, D. F.	four
Managua, Nicaragua	one
Asuncion, Paraguay	one
Lima, Peru	three
Montevideo, Uruguay	four
Caracas, Venezuela	two

We also had Agents assigned as liaison representatives with the British at the following places:

Hamilton, Bermuda
Ottawa, Canada
London, England
Kingston, Jamaica
Port-of-Spain, Trinidad

We also had three Agents assigned as plant protection advisors to the Bolivian Government at La Paz acting in an open capacity.

Furthermore, we had Agents in open capacities conducting police schools at the following places:

Havana, Cuba
Managua, Nicaragua

Our inspection staff had not been increased and we still had three inspectors, two traveling in undercover capacities and one traveling in the open.

We had two radio operators assigned to each of the following cities:

Rio de Janeiro, Brazil
Santiago, Chile
Bogota, Colombia
Havana, Cuba
Quito, Ecuador
Lima, Peru
Montevideo, Uruguay

Clerical employees had been assigned to the following Embassies, Legations and Consulates:

Buenos Aires, Argentina (three men)
La Paz, Bolivia (two men)
Rio de Janeiro, Brazil (two men)
Santiago, Chile (four men)
Valparaiso, Chile
Barranquilla, Colombia
Bogota, Colombia (three men)
San Jose, Costa Rica
Medellin, Colombia
Havana, Cuba (four men)
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
Guatemala, Guatemala
Mexico, D. F. (two men)
Managua, Nicaragua
Lima, Peru (three men)
Asuncion, Paraguay
Montevideo, Uruguay (three men)
Caracas, Venezuela

b7D

Furthermore, we had a translator assigned to the Embassy at Havana, Cuba and a cryptographer assigned to the Embassy at [redacted]

On October 19, 1942, a Special Agent was loaned by the Bureau to the War Department for a confidential investigation in Moscow, Russia, from which he returned on June 4, 1943.

During January 1943 the Bureau dispatched a group of eighteen Special Agents, together with five Stenographers to South America to conduct a series of plant surveys throughout Central and South America. The last of this group of Agents returned to the United States in June 1943, the group having surveyed approximately 100 facilities throughout the various countries of Latin America.

On January 2, 1943, the Bureau loaned three Special Agents to the State Department to work under cover in the Embassy Code Rooms at Madrid, Spain, London, England, and Stockholm, Sweden.

On January 15, 1943, Assistant Director P. E. Foxworth and Special Agent Harold D. Haberfeld were killed in the crash of an Army Transport Plane in the jungles of Dutch Guiana while en route to North Africa on a special mission for the War Department. The Bureau immediately thereafter sent two other Special Agents to complete this mission for the War Department. These Agents returned to the United States in August 1943.

In March 1943 the Bureau discussed with the State Department the possibility of assigning a Special Agent at Lisbon, Portugal as a liaison officer. (64-4175-371) This proposal was approved by the State Department on July 1, 1943 (64-4175-379) and on August 8, 1943 a Special Agent of the Bureau was dispatched to the American Legation at Lisbon, Portugal to act as a liaison officer at that point. A Bureau Stenographer was also sent to Lisbon to assist this Agent in the clerical and stenographic work in connection with his assignment.

During the period from March to November 1943 the Bureau's SIS offices advised the Seat of Government of all travelers proceeding to the United States from the various countries in which they were located. During November 1943 it was ascertained that the domestic field was also submitting this information to the Bureau, having increased its coverage in this regard and, hence, it was possible for SIS offices to discontinue sending this information. (64-4104-521)

On August 19, 1943 a technical expert from the FBI Laboratory was dispatched on a confidential mission for the State Department to the American Legation at Lisbon, Portugal and the American Embassy at Madrid, Spain to test the security of these offices from possible technical surveillances on the part of the enemy.

The expansion of the SIS Division was continued until October 4, 1943, at which time the Director advised that the number of persons on SIS assignment should not be increased and that no additional employees should be sent on an SIS assignment without his personal approval. (64-4104-505) At that time the Bureau had 583 employees assigned to the SIS Division, including 94 employees assigned to the Seat of Government and the New York City SIS Office. As of October 1, 1943 we had the following coverage:

SPECIAL AGENTS UNDER COVER

Location	Number of Men
Buenos Aires, Argentina	thirty-four
Cordova, Argentina	one

Location	Number of Men
La Plata, Argentina	one
Rosario, Argentina	one
Tucuman, Argentina	one
La Paz, Bolivia	four
Sucre, Bolivia	one
Bahia, Brazil	two
Belem, Brazil	one
Bello Horizonte, Brazil	two
Belterra, Brazil	one
Porto Alegre, Brazil	two
Recife, Brazil	one
Rio de Janeiro, Brazil	ten
Rio Grande, Brazil	one
Sao Paulo, Brazil	seven
Santiago, Chile	sixteen
Valparaiso, Chile	two
Barranquilla, Colombia	one
Bogota, Colombia	six
Buenaventura, Colombia	one
Medellin, Colombia	one
San Jose, Costa Rica	one
Havana, Cuba	four
Ciudad Trujillo, Dominican Republic	one
Cuenca, Ecuador	one
Guayaquil, Ecuador	one
Quito, Ecuador	four
Guatemala City, Guatemala	three
Tegucigalpa, Honduras	one
Chihuahua, Mexico	one
Guadalajara, Mexico	one
La Paz, Mexico	one
Mexico, D. F.	twenty
Monterrey, Mexico	one
Pueblo, Mexico	one
San Luis Potosi, Mexico	one
Managua, Nicaragua	one
Asuncion, Paraguay	one
Arequipa, Peru	two
Lima, Peru	thirteen
Montevideo, Uruguay	eight
Caracas, Venezuela	six
Caripito, Venezuela	one
Maracaibo, Venezuela	one

SPECIAL EMPLOYEES UNDER COVER

Location	Number of Men
Buenos Aires, Argentina	one
Rio de Janeiro, Brazil	one
San Jose, Costa Rica	two
Havana, Cuba	one
Mexico, D. F., Mexico	two
Panama City, Panama	three
Lima, Peru	one

AGENTS ASSIGNED TO EMBASSIES, LEGATIONS AND CONSULATES

Location	Number of Men
Bahia Blanca, Argentina	one
Buenos Aires, Argentina	ten
Mendoza, Argentina	one
Rosario, Argentina	one
Cochabamba, Bolivia	two
La Paz, Bolivia	eight
Belem, Brazil	one
Bello Horizonte, Brazil	one
Corumba, Brazil	one
Curitiba, Brazil	one
Florianopolis, Brazil	one
Fortaleza, Brazil	one
Manaos, Brazil	one
Natal, Brazil	one
Porto Alegre, Brazil	one
Recife, Brazil	one
Rio de Janeiro, Brazil	six
Santos, Brazil	one
Sao Paulo, Brazil	two
Victoria, Brazil	one
Antofagasta, Chile	one
Arica, Chile	one
Concepcion, Chile	one
Coquimbo, Chile	one
Los Andes, Chile	one
Osorno, Chile	one
Puenta Arenas, Chile	one
Santiago, Chile	nine
Temuco, Chile	one
Valdivia, Chile	two
Valparaiso, Chile	three
Barranquilla, Colombia	one
Bogota, Colombia	two
Cali, Colombia	two
Cartegena, Colombia	one
Medellin, Colombia	one

AGENTS ASSIGNED TO EMBASSIES, LEGATIONS AND CONSULATES (Continued)

Location	Number of Men
Limon, Costa Rica	one
Puentarenas, Costa Rica	one
San Jose, Costa Rica	three
Camaguey, Cuba	one
Havana, Cuba	eleven
Santiago de Cuba, Cuba	one
Ciudad Trujillo, Dominican Republic	two
Guayaquil, Ecuador	two
Quito, Ecuador	five
Guatemala City, Guatemala	two
Port-au-Prince, Haiti	two
Mexico, D. F., Mexico	nine
Managua, Nicaragua	two
Asuncion, Paraguay	two
Arequipa, Peru	one
Lima, Peru	five
San Salvador, El Salvador	one
Montevideo, Uruguay	five
Caracas, Venezuela	fourteen
Carapito, Venezuela	one
Ciudad Bolivar, Venezuela	one
Maracaibo, Venezuela	one

We also had Special Agents assigned as Liaison Officers at the following places:

Hamilton, Bermuda	
Ottawa, Canada	
London, England	two
Kingston, Jamaica	
Lisbon, Portugal	
Port-au-Spain, Trinidad	two

We had Agents assigned as Liaison Officers with the local Police Departments at the following places:

Rio de Janeiro, Brazil	
Sao Paulo, Brazil	
Santiago, Chile	
Bogota, Colombia	two
Havana, Cuba	
Quito, Ecuador	
Managua, Nicaragua	
Lima, Peru	

We had Agents assigned as Plant Security Officers at the following places:

La Paz, Bolivia
Rio de Janeiro, Brazil
Santiago, Chile
Bogota, Colombia
Quito, Ecuador
Caracas, Venezuela

We had five Special Agents acting as traveling Legal Attaches and doing trouble-shooting work at various places, three of these individuals being under cover and the other two in the open.

We had four Special Agents on confidential assignment for the State Department outside the Western Hemisphere located in London, England; Stockholm, Sweden; Lisbon, Portugal; and Madrid, Spain.

We had radio stations with two radio operators at the following cities:

La Paz, Bolivia
Rio de Janeiro, Brazil
Santiago, Chile
Bogota, Colombia
San Jose, Costa Rica
Havana, Cuba
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
Port-au-Prince, Haiti
Asuncion, Paraguay
Lima, Peru (four operators)
Montevideo, Uruguay

CLERICAL EMPLOYEES ASSIGNED TO EMBASSIES, LEGATIONS, AND CONSULATES

Location	Number of Men
Buenos Aires, Argentina	eight
Cochabamba, Bolivia	one
La Paz, Bolivia	three
Natal, Brazil	one
Recife, Brazil	one
Rio de Janeiro, Brazil	seven
Sao Paulo, Brazil	one
Santiago, Chile	eleven
Valparaiso, Chile	one
Bogota, Colombia	three
Cali, Colombia	one
Medellin, Colombia	one
San Jose, Costa Rica	two
Camaguey, Cuba	one
Havana, Cuba	four

CLERICAL EMPLOYEES ASSIGNED TO EMBASSIES, LEGATIONS, AND CONSULATES (continued)

Location	Number of Men
Ciudad Trujillo, Dominican Republic	one
Quito, Ecuador	four
London, England	two
Guatemala City, Guatemala	two
Port-au-Prince, Haiti	one
Kingston, Jamaica	one
Mexico, D. F., Mexico (two under cover)	six
Managua, Nicaragua	one
Asuncion, Paraguay	two
Arequipa, Peru	one
Lima, Peru	nine
Lisbon, Portugal	one
Montevideo, Uruguay	three
Caracas, Venezuela	eight
Maracaibo, Venezuela	one

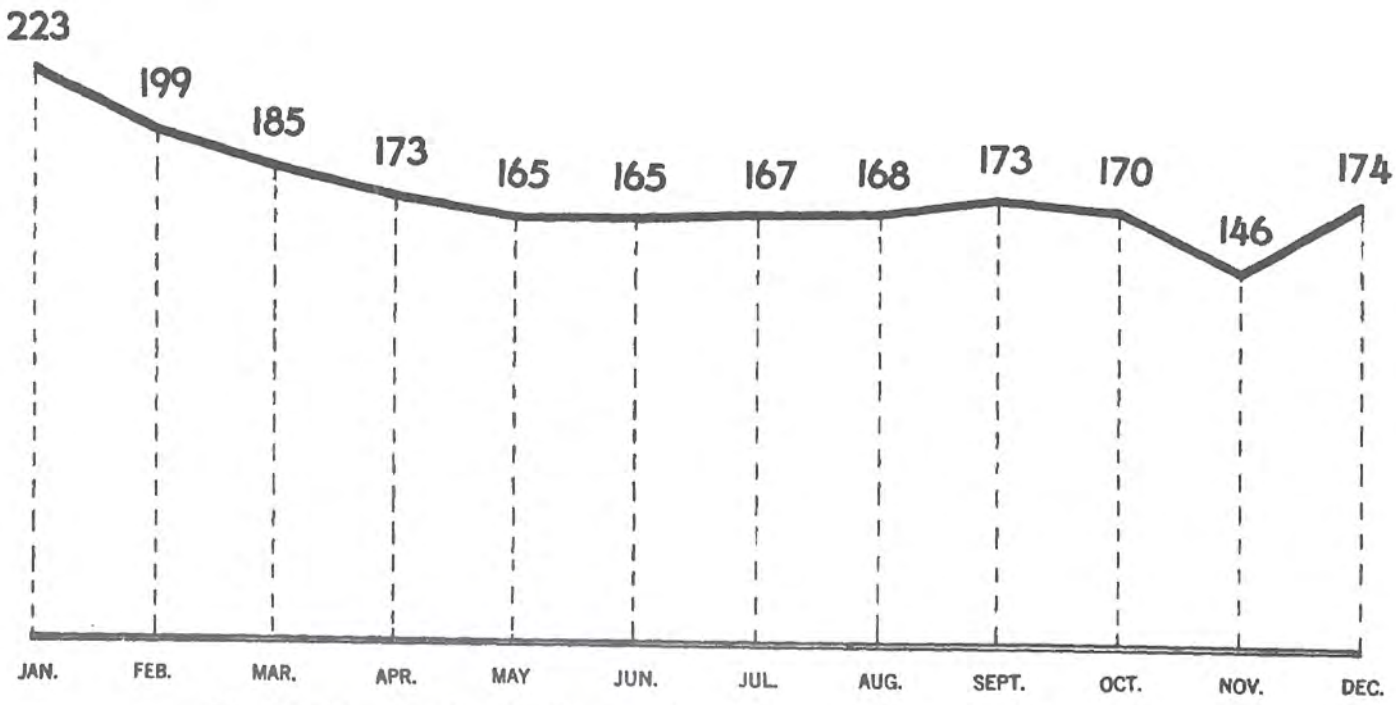
Furthermore, we had Translators assigned to Buenos Aires, Argentina; Santiago, Chile; Havana, Cuba; Mexico, D. F., Mexico; Lima, Peru; Caracas, Venezuela; Code Clerks at Buenos Aires, Argentina; Rio de Janeiro, Brazil; and Santiago, Chile; Photographers in Mexico, D. F. and Lima, Peru; and a Cryptographer in Mexico, D. F.

On October 19, 1943 a Special Agent was assigned as a Liaison Officer with the Army authorities in North Africa and Italy.

A letter dated October 25, 1943 was received from the State Department advising that the Bureau's SIS was probably duplicating the work of the State Department in the economic, political, industrial, and financial fields. (64-5002-162) Immediately following the receipt of this letter the Director issued instructions for all Bureau representatives to discontinue gathering any information along these lines and immediately instituted a drastic reduction program as regards the personnel assigned by the Bureau to SIS work. During November and December 1943 approximately 136 Special Agents were recalled from SIS assignment. On November 16, 1943 the State Department advised that they were becoming worried over the Bureau's reduction of SIS personnel in Latin America. (64-4104-517) On November 17, 1943 the State Department advised that a number of complaints had been received from various Ambassadors because of the Bureau's reduction in SIS personnel assigned to their various posts. (64-5002-163) On December 27, 1943 the State Department directed a letter to the Bureau requesting us to resume our work in the economic, political, industrial, and financial fields. The Bureau complied with this request on the part of the State Department but kept the number of personnel on SIS assignment in a static condition.

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1944



SECRET

5. 1944

As of March 1, 1944 the Bureau had the following personnel on SIS assignment:

SPECIAL AGENTS ON ASSIGNMENT

Location	Under cover	Assigned to Embassies, Legations and Consulates
Bahia Blanca, Argentina		eight
Rosario, Argentina		one
La Paz, Bolivia		two
Bahia, Brazil		one
Belem, Brazil		two
Curitiba, Brazil		one
Natal, Brazil		one
Rio de Janeiro, Brazil	six	four
Sao Paulo, Brazil	four	two
Antofagasta, Chile		one
Concepcion, Chile		one
Santiago, Chile	six	six
Valdivia, Chile		one
Valparaiso, Chile	one	two
Barranquilla, Colombia		one
Bogota, Colombia	three	two
Cali, Colombia	seven	two
Medellin, Colombia	one	
San Jose, Costa Rica		one
Havana, Cuba	two	nine
Ciudad Trujillo, D. R.		two
Cuenca, Ecuador	one	
Guayaquil, Ecuador	one	two
Quito, Ecuador		one
Guatemala City, Guatemala	one	two
Port-au-Prince, Haiti		one
Tegucigalpa, Honduras	one	
Mexico, D. F., Mexico	sixteen	nine
San Luis Potosi, Mexico	one	
Veracruz, Mexico	one	
Managua, Nicaragua		one
Asuncion, Paraguay		two
Arequipa, Peru		one
Lima, Peru	four	four
San Salvador, El Salvador		one
Montevideo, Uruguay	six	two
Caracas, Venezuela	one	five
Maracaibo, Venezuela		one

SPECIAL EMPLOYEES UNDER COVER

Location	Number of Men
Buenos Aires, Argentina	one
Rio de Janeiro, Brazil	one
Santiago, Chile	one
San Jose, Costa Rica	one
Havana, Cuba	one
Quito, Ecuador	one
Mexico, D. F., Mexico	two
Panama City, Panama	three
Lima, Peru	two

SPECIAL AGENTS ASSIGNED AS LIAISON OFFICERS WITH THE BRITISH AT THE FOLLOWING POINTS:

Hamilton, Bermuda
Ottawa, Canada
London, England (two)
Kingston, Jamaica
Lisbon, Portugal
Port-of-Spain, Trinidad

We had Special Agents assigned as Liaison Officers with the local police and as Plant Security Officers at the following places:

Police Liaison	Plant Security
	La Paz, Bolivia
Porto Alegre, Brazil	
Rio de Janeiro, Brazil	Rio de Janeiro, Brazil
Sao Paulo, Brazil	
Santiago, Chile	Santiago, Chile
Bogota, Colombia	Bogota, Colombia
Quito, Ecuador (two men)	
Lima, Peru	
Caracas, Venezuela	Caracas, Venezuela

We had three Special Agents on confidential assignment outside the Western Hemisphere. As of this date, a Bureau Inspector, assisted by the Assistant Chief of the SIS Division, was making an inspection of SIS offices. We had the following clerical and special personnel on assignment:

Clerical	Radio Operators	Special
Buenos Aires, Argentina - 8		Code Clerk Translator

Clerical	Radio Operators	Special
La Paz, Bolivia - 1	1	
Natal, Brazil - 1		
Rio de Janeiro, Brazil - 6	3	Photographer
Sao Paulo, Brazil - 1		
Santiago, Chile - 5	1	Code Clerk Translator
Bogota, Colombia - 4	2	
San Jose, Costa Rica - 1	1	
Havana, Cuba - 5	3	Translator
Ciudad Trujillo, D. R. - 1		
Quito, Ecuador - 2		
London, England - 2		
Guatemala City, Guatemala -2		
Port-au-Prince, Haiti - 1		
Kingston, Jamaica - 1		
Mexico, D. F., Mexico - 11		Cryptographer Photographer Translator
Managua, Nicaragua - 1		
Asuncion, Paraguay - 1	2	
Lima, Peru - 4	3	
Lisbon, Portugal - 1		
San Salvador, El Salvador - 1		
Montevideo, Uruguay - 1	3	
Caracas, Venezuela - 3		Translator

We also had, as of this date, two Radio Operators in a constant travel status acting as relief Operators at the various SIS stations. As of March 1, 1944, a Special Agent of the Bureau had been approved for assignment as Liaison Officer to the American Embassy at Madrid, Spain and was making preparations for his departure in the immediate future.

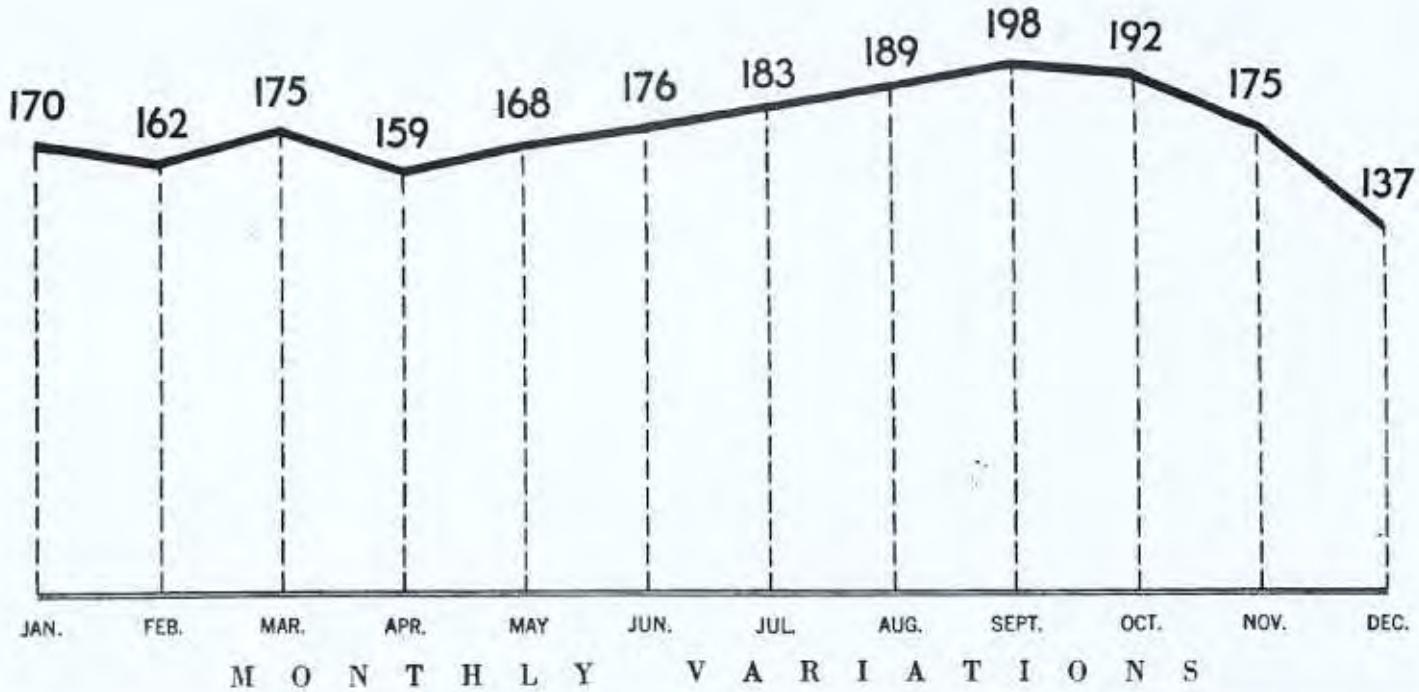
On February 27, 1944, Special Agent Quenton H. Plunkett, who was assigned as a Liaison Officer with the Colombian National Police at Bogota, Colombia, was killed in the crash of a private airplane near Marulanda, Colombia.

SECRET

166 - 4

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1945



SECRET

In June, 1944, Special Agent John F. Sullivan, the Bureau's representative in Kingston, Jamaica, British West Indies, was recalled, since it was believed that it was no longer necessary to maintain representation in Jamaica.

In August, 1944, Special Agent [redacted] was sent to Curacao, Netherlands West Indies. Prior to this time the Bureau had had no representation in Curacao. It should be noted that this representation established for the first time contact with the Dutch, and this direct contact was maintained until December, 1945. b7C

In September, 1944, Special Agent [redacted] was sent to Tegucigalpa, Honduras, as Legal Attache. United States Ambassador to Honduras John D. Erwin had insisted that no Legal Attache be assigned to his Embassy, but the State Department authorized the sending of a Legal Attache to that country over the objections of the Ambassador. b7C

By January 1, 1945, the Bureau personnel assigned to foreign fields was as follows:

Special Agents	158
Special Employees	10
Clerical Employees	79
Miscellaneous Employees	4
Radio Employees	16
	267

Of this total, three clerical employees and seven Special Agents had been approved for recall and had been advised to proceed to the United States for assignment to the domestic field.

6. 1945

As of January 1, 1945, the Bureau had the following personnel on SIS assignment:

Special Agents on Assignment

Location	Undercover	Assigned to Embassy, Legation or Consulate	Police Liaison	Security Officer
Buenos Aires, Argentina	6	11	0	0
La Paz, Bolivia	0	3	0	0
Bahia, Brazil	0	1	0	0
Curitiba, Brazil	0	1	0	0
Natal, Brazil	0	1	0	0
Porto Alegre, Brazil	0	1	1	0
Rio de Janeiro, Brazil	5	3	1	1

Special Agents on Assignment (Continued)

Location	Undercover	Assigned to Embassy, Legation or Consulate	Police Liaison	Security Officer
Sao Paulo, Brazil	0	2	1	0
Antofagasta, Chile	0	2	0	0
Santiago, Chile	4	6	1	0
Valparaiso, Chile	0	1	0	0
Barranquilla, Colombia	0	2	0	0
Bogota, Colombia	5	3	2	0
Cali, Colombia	0	1	0	0
San Jose, Costa Rica	0	1	0	0
Havana, Cuba	3	5	2	0
Curacao, N.W.I.	0	1	0	0
Ciudad Trujillo, D.R.	0	2	0	0
Guayaquil, Ecuador	0	2	0	0
Quito, Ecuador	0	1	2	0
London, England	0	2	0	0
Guatemala City, Guatemala	1	2	0	0
Port-au-Prince, Haiti	0	2	0	0
Tegucigalpa, Honduras	1	1	0	0
Mexico City, Mexico	17	8	0	0
Managua, Nicaragua	0	2	0	0
Asuncion, Paraguay	0	2	0	0
Arequipa, Peru	0	1	0	0
Lima, Peru	5	2	1	0
Lisbon, Portugal	0	2	0	0
San Salvador, El Salvador	0	1	0	0
Madrid, Spain	0	1	0	0
Bern, Switzerland	1	0	0	0
Montevideo, Uruguay	2	3	0	0
Caracas, Venezuela	1	4	1	0
Maracaibo, Venezuela	0	1	0	0
Total:	51	84	12	1

Special Employees Undercover

Location	Number of Men
Buenos Aires, Argentina	2
San Jose, Costa Rica	1
Havana, Cuba	1
Mexico City	2
Panama City	3
Lima	1
Total:	10

Special Agents
Assigned as Liaison Officers:

Location	Number of Men
Ottawa, Canada	1
Paris, France	5
Rome, Italy	3
Port-of-Spain, Trainidad	1
Total:	10

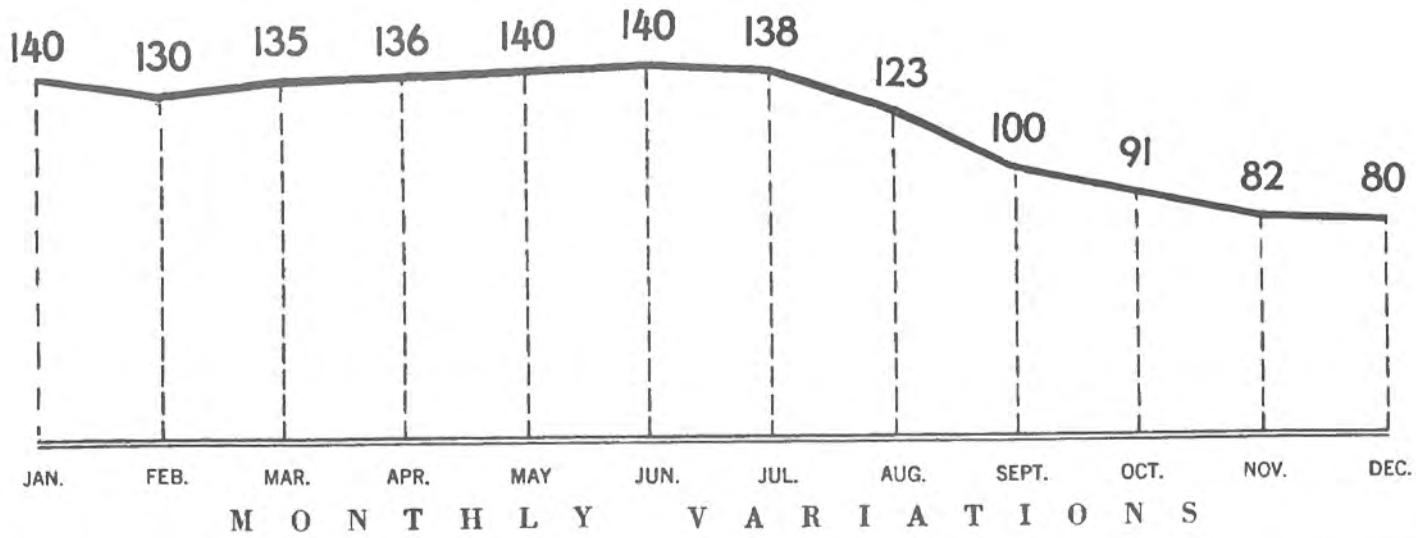
Clerical and Special
Personnel on Assignment

Location	Clerical Personnel	Radio Operators	Special Personnel
Buenos Aires, Argentina	6	1	1
La Paz, Bolivia	3	1	0
Natal, Brazil	1	0	0
Rio de Janeiro, Brazil	7	1	0
Sao Paulo, Brazil	1	0	0
Santiago, Chile	6	1	0
Bogota, Colombia	4	2	0
San Jose, Costa Rica	2	1	0
Havana, Cuba	7	1	1
Ciudad Trujillo, D. R.	1	0	0
Guayaquil, Ecuador	1	0	0
Quito, Ecuador	3	1	0
London, England	2	0	0
Guatemala City, Guatemala	2	0	0
Port-au-Prince, Haiti	1	0	0
Rome, Italy	1	0	0
Mexico City, Mexico	11	0	1
Managua, Nicaragua	1	0	0
Asuncion, Paraguay	2	1	0
Lima, Peru	4	3	0
Lisbon, Portugal	2	0	0
San Salvador, El Salvador	3	1	0
Madrid, Spain	1	0	0
Port-of-Spain, Trinidad	1	0	0
Montevideo, Uruguay	2.	2	0
Caracas, Venezuela	4	0	1
Totals:	79	16	4

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1946

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169 - A

7. 1946

On May 4, 1945, a Bureau Agent was sent to Panama to function as Legal Attache in the American Embassy in that city. However, this Special Agent did not have the usual jurisdiction of our Legal Attaches throughout Latin America, and he was restricted to purely liaison activities. It was found that this arrangement did not work satisfactorily and after refusal of the military authorities to grant the Bureau appropriate jurisdiction in Panama, the Legal Attache there was instructed to close his office on May 14, 1946.

In the latter part of 1945, the Bureau determined that due to peacetime conditions our representation in the Caribbean area could be reduced; therefore, on December 20, 1945, the office of the Legal Attache at Curacao, N.W.I. was closed and on January 1, 1946, our liaison representative with the British at Port of Spain, Trinidad, was removed.

As of June 1, 1946, the following employees were on SIS assignment abroad:

Special Agents	133
Special Employees	7
Clerks	95
Radio Employees	21
Total	256

8. 1947

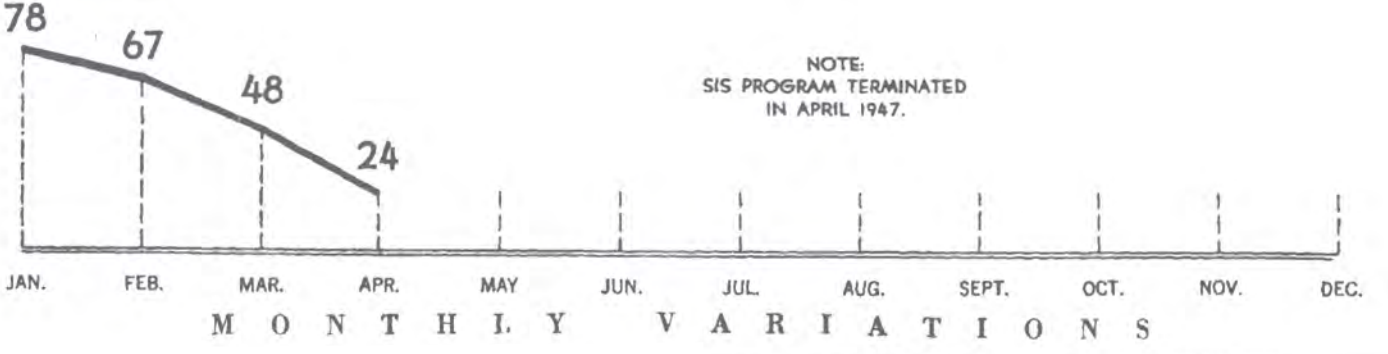
Between June 1, 1946 and May 1, 1947, all SIS personnel were recalled to the United States except for those remaining at Liaison Posts in Madrid, Spain; Paris, France; London, England; Ottawa, Canada; Mexico City, Mexico; Havana, Cuba and Rio de Janeiro, Brazil. The closing dates of the various SIS Offices are set out below:

	1946
Panama, R. P.	August 9
Ciudad Trujillo, D. R.	August 15
San Jose, Costa Rica	August 15
Tokyo, Japan	August 30
Lisbon, Portugal	September 13
Rome, Italy	October 8

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NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1947



MONTHLY VARIATIONS

~~SECRET~~

1947

Rio de Janeiro, Brazil	January 20 (Police Liaison Agent remained)
Asuncion, Paraguay	February 3
Montevideo, Uruguay	February 6
Buenos Aires, Argentina	February 10
Santiago, Chile	February 24
LaPaz, Bolivia	March 3
Lima, Peru	March 7
Quito, Ecuador	March 12
Bogota, Colombia	March 17
Caracas, Venezuela	March 20
Managua, Nicaragua	March 27
Tegucigalpa, Honduras	March 31
San Salvador, El Salvador	April 2
Guatemala City, Guatemala	April 4
Mexico City, Mexico	April 8 (Two Police Liaison Agents remained)
Havana, Cuba	April 14 (Police Liaison Agent remained)
Port-au-Prince, Haiti	April 28

As of May 1, 1947, only 10 Special Agents and 9 Clerical Employees remained on foreign assignment at the various Liaison Posts.

MAXIMUM COVERAGE BY SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS

1941-1947

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9. Development of Legal Attache System

At the inception of the SIS program, Agents were sent to the various sections of the Latin American countries with only general instructions as to what types of information should be obtained and how the investigations should be conducted. It had become apparent by Autumn of 1942 that the endeavors of the various Agents within the countries needed to be correlated and directed. It was with this thought in mind that one Agent in each country was designated in charge of activities in that particular country. His duties consisted of correlating the efforts of the Agents, keeping them in touch with Bureau instructions, assigning work in special cases, and in general having the general relation to the men in that particular country that a Special Agent in Charge has to the Agents in the various domestic Bureau field divisions.

It was approximately at the same time that the Bureau was successful in placing an Agent in the Embassies in the various countries in Latin America who were, with the consent of the State Department, designated as Legal Attaches. The Legal Attaches were designated as in charge of the Bureau's activities in the various countries and it was the responsibility of each Legal Attache to properly correlate and direct the work of the Bureau in that country. By June 30, 1944, the Bureau had Legal Attaches stationed in the United States Embassies in the following places in the Western Hemisphere:

Lima, Peru
San Salvador, El Salvador
Port of Spain, Trinidad
Montevideo, Uruguay
Caracas, Venezuela
Buenos Aires, Argentina
La Paz, Bolivia
Rio de Janeiro, Brazil
Santiago, Chile
Bogota, Colombia
San Jose, Costa Rica
Havana, Cuba
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
Guatemala City, Guatemala
Port au Prince, Haiti
Mexico, D.F., Mexico
Managua, Nicaragua
Asuncion, Paraguay

In addition to the foregoing Legal Attaches in the Western Hemisphere, Legal Attaches had also been stationed for liaison purposes in the Embassies at London, England, Lisbon, Portugal, and Madrid, Spain.

As time passed and the work of the Agents within each of the countries was more closely correlated and as additional Agents were assigned, the administrative organization of each country, headed by the Legal Attache, was patterned more and more after the domestic Bureau field office. By following this method it was also possible to develop the administrative organization of the Bureau's work in each country in a manner uniform with the Bureau's organizations in other Latin American countries and uniform in so far as possible, under the circumstances, with Bureau field offices in the United States. As this development of the administrative organization in each country progressed it was found that the picture of the Bureau's activities became much more clear which allowed assignments to be made in a manner to develop the information desired by the Bureau with the expenditure of a minimum amount of effort on the part of the Agents. Such organization also eliminated duplication of effort and other unnecessary and wasteful practices which are the result of uncorrelated investigative activities on the part of a number of Agents.

10. Operations Outside the Western Hemisphere

While the President's Directive placed the responsibility for the intelligence security of the Western Hemisphere on the FBI and [redacted] nevertheless from time to time the Bureau was called upon by the War Department or State Department for special temporary assignments or for assignments as a coordinating liaison unit on a more or less permanent basis within the Eastern Hemisphere. The Bureau, as a result, established offices in various cities in the Eastern Hemisphere which will be dealt with separately below: b1 b1 (S)

a. London, England

At the request of the State Department the Bureau's foreign liaison facilities were extended to London, England, on November 16, 1942, where an office was equipped as part of the American diplomatic mission under the title, Office of the Legal Attache. The activities of the Bureau's representative in London grew to the point where it was later necessary to have the personnel increased to include the Legal Attache, an Assistant Legal Attache, and two clerical employees. [redacted] b1 (S)

[redacted] b1 (S)

[redacted] (Assistant Director H. H. Clegg and Inspector L. A. Hince in 1959, and Special Agent [redacted] and Inspector [redacted] in 1942, and Special Agent [redacted] in 1944) b7C

With the conclusion of the European phase of the war, the personnel in the office of the Legal Attache in London was reduced to include only the Legal Attache and one stenographer.

[redacted] b1 (S)

(64-4727)

b. Lisbon, Portugal

On August 8, 1943, a liaison office with a Legal Attache was established as part of the American diplomatic mission at Lisbon, Portugal, and due to enemy activities the number of Bureau employees was later increased to include two Special Agents and two clerical employees. This office functioned until August, 1946, at which time it was closed as the European phase of the war was over and the office had, as a result, fulfilled its purpose. (64-7085)

c. Madrid, Spain

As a result of State Department approval, the Bureau on April 15, 1944, assigned a Special Agent to the Embassy at Madrid, Spain, to serve in the capacity of Legal Attache. The Legal Attache, assisted by one stenographer, has represented the Bureau in a police liaison capacity in Madrid since that time. (66-16299)

d. Rome, Italy

In cooperation with the War Department, for liaison purposes an Agent was assigned on October 1, 1943, with the Advance Intelligence Group of the AFHQ which progressed as the Italian campaign advanced. With the taking of Rome, an office was established in that city and a total of seven Bureau Agents and one stenographer were assigned to work in close cooperation with the Army. The office in Rome was closed in October, 1945, as a result of a recommendation by General Edwin L. Siebert, G-2 Chief, European Theater, that the total personnel of the Bureau in Italy, France, Germany and Austria be reduced to two Agents. (66-16294) One Special Agent, however, served as Legal Attache assigned to the U. S. Embassy in Rome in a police liaison capacity until October, 1946.

e. Paris, France

In cooperation with the Army, two Special Agents of the Bureau were assigned to Paris, France, on September 13, 1944. These Agents were later assisted by six additional Agents for a short time in 1945, who, upon the surrender of Germany in May, 1945, moved into Germany with SHAEF Intelligence on June 7, 1945, and opened an office at Frankfurt, Germany. At the request of Ambassador Jefferson Caffrey, two of the Bureau's Special Agents were assigned as Attaches to the United States Embassy in Paris at which post they began their liaison duties on June 30, 1945. The liaison office at Paris has continued to operate subsequent to the close of the war with one Special Agent and a stenographer with outstanding success in its police liaison capacity. (66-16300)

f. Frankfurt, Berlin, Heidelberg and Freising, Germany

On June 7, 1945, liaison units were opened at Frankfurt, Berlin, Heidelberg and Freising, Germany, in coordination with Army activities in that area. The purpose of these offices was to handle investigations of treason cases involving American citizens in the European area and for the obtaining of all matters of interest in connection with the Bureau's investigations in the Western Hemisphere which matters of interest were available to the Allied intelligence services in Europe. The Agents assigned to the German liaison office, with headquarters at Berlin, were withdrawn in October, 1945, and the office closed as a result of a recommendation by General Edwin L. Siebert, G-2 Chief, European Theater, that the total personnel of the Bureau in Italy, France, Germany and Austria be reduced to a total of two Agents. This recommendation was approved by General Eisenhower and in view of the fact that the Bureau could not operate with such limited personnel the office was closed. (66-16320)

g. Vienna, Austria

In the late summer of 1945, two Special Agents were assigned to Austria in an Army liaison capacity. One Special Agent set up his office in Vienna and the other at Salzburg, Austria. Both Agents were withdrawn in October, 1945, as the result of a recommendation made by General Siebert.

In addition to the above-listed operations in the Eastern Hemisphere, other Bureau operations outside the Western Hemisphere were as follows:

h. Pacific Theater Assignments

In March, 1945, two Special Agents of the Bureau were sent to Manila, P.I., as liaison Agents under General Douglas MacArthur. Two additional Agents were sent to Manila in July, 1945. The personnel of the Bureau's Manila liaison office was reduced after the departure of General MacArthur and his Staff for Tokyo, Japan, in September, 1945. The Manila office was closed prior to September, 1946, at which time the Philippine Islands received their independence from the United States.

On September 2, 1945, Special Agent [redacted] arrived at Yokohama, Japan, with the first echelon of the Counter-Intelligence Corps of the Army. He was followed on September 15, 1945, by Inspector [redacted] and Special Agent [redacted] who arrived in Tokyo with Brigadier General Elliott E. Thorp in command of intelligence activities in the Asiatic Theater. The Bureau's Army liaison at Tokyo, Japan, continued until August 30, 1946, at which time the office was closed inasmuch as it had completed its mission and on-the-spot liaison with the Army was no longer deemed necessary. (66-16335)

i. Special Assignments

In addition to the foregoing assignments, special temporary assignments on behalf of the War Department were undertaken by a number of the Bureau's Special Agents including Assistant Director P. E. Foxworth, [redacted] H. D. Haberfeld, [redacted] and [redacted] whose duties called them to travel to the African, European, Near East and Asiatic areas to assist in matters of such special confidential nature as to necessitate the employment of Bureau personnel.

Special Agent [redacted] of the Bureau Laboratory departed for Lisbon, Portugal, on July 3, 1945. He was assigned to make an inspection of German cryptographic equipment in Portugal, Spain and England. This inspection furnished the Bureau with information which it had not previously possessed concerning the German microdot machine.

F. ORGANIZATIONAL DEVELOPMENT AT SEAT OF GOVERNMENT

The SIS Division maintained a supervisory staff at Washington, D. C., whose purpose was to follow and supervise the work of the SIS agents and employees in the foreign field. The group at the Seat of Government was charged with a variety of duties including the selection of Special Agents from the domestic field of the Federal Bureau of Investigation, the Training and placement of the agents in the various posts in the Western Hemisphere, the supervision of reports submitted by the SIS agents and the correlation of reports from the agents on foreign assignment. After the proper correlatio of the information received, it was the further duty of the staff at the seat of government to furnish comprehensive data to the various interested agencies of the Federal Government and to the domestic offices of the FBI.

The supervisory group at the Seat of Government followed the efficiency and productiveness of the various agents in the foreign field and where necessary recommended removal or transfer to other posts of assignment. The supervisors in addition guided the agents on assignment in the proper obtaining of intelligence matters and the expenditure of money therefor.

As the program progressed the supervisors at the Seat of Government were so assigned that information emanating from certain countries would always be handled by certain individuals who due to their familiarity with the affairs of those countries became expert in the conditions existing in the territory under their supervision.

The supervisory staff at the Seat of Government maintained complete financial records pertaining to SIS work and made all disbursements to the agents on assignments which included salaries, expenses and expenditures for confidential informants, and other incidental expenses. All such expenditures were made through a bank in New York City, and in no way was Washington, D. C., or the District of Columbia reflected in any of the transactions.

During the Fiscal Year of 1943-44 the work being performed by the agents in Latin America became so integrated with the work being performed by Bureau representatives in Europe that it was necessary to establish a supervisor at the Seat of Government to coordinate all matters of an espionage or subversive activity nature which were reported from the European sphere that necessitated attention in Latin America. The duties of this supervisor were to examine the incoming material, coordinate it with the information at the Seat of Government, and properly distribute it to interested governmental agencies, as well as to the Legal Attaches in Latin America.

It was also during the Fiscal Year 1943-44 that arrangements were perfected for the use of two traveling attaches to travel from one Embassy to another when the need for their services arose. These attaches were kept

currently informed as to SIS policy and procedure, and in turn passed this information on to the Legal Attaches in the countries visited by them. They discussed personnel problems and administrative problems with Bureau representatives in Latin America and kept the Bureau constantly and currently advised as to the situation in each country. They were also able to pass on new ideas as to investigative techniques and ideas being used in other SIS office They were under the direct supervision of the supervisory staff at the Seat of Government.

Due to the growth of SIS coverage it was found that a breakdown of supervision was needed and as a result, in September, 1943, the SIS Division was separated into three units, namely the Operations Unit, the South American Investigative Unit and the Caribbean Investigative Unit. In the early part of 1945, the two investigative units were combined into one unit for supervision purposes inasmuch as SIS Operations had been curtailed considerably and SIS personnel reduced.

During the fiscal year 1944-45, it became necessary to establish a supervisor at the Seat of Government to examine material received from Bureau representatives in the Pacific Theater, to coordinate the information and properly distribute the material to the interested Governmental agencies and to the interested SIS and domestic field offices.

It was during the same fiscal year that four supervisors were designated at the Seat of Government as the Monograph Unit and they worked exclusively on the compiling of various monographs for which the necessary information was furnished by the agents on foreign assignment. This method assured the rapid completion of monographs containing up to the minute material for the benefit of agents going on foreign assignment for the first time as well as for those who had returned from assignment for in-service or another assignment. These monographs also provided the Director of the Bureau, other Bureau officials, and other Governmental officials with accurate up to the minute information pertaining to the many topics covered by the monographs. The Monograph Unit was abolished in June, 1946, in view of the fact that the Bureau at that time began preparing to withdraw from the foreign intelligence field.

As the Bureau curtailed its activities in connection with foreign intelligence matters, the supervisory staff at the Seat of Government was likewise reduced to the point where, with the complete withdrawal of the Bureau in 1947 from the foreign intelligence field, only one supervisor remains at the Seat of Government to supervise the foreign liaison work in connection with the Liaison representatives located in Rio de Janeiro, Brazil, Havana, Cuba, Madrid, Spain, Paris, France, London, England, Mexico, D. F., and Ottawa, Canada.

IV. GENERAL OPERATIONS

A. PLANT SURVEY PROGRAM

1. Background.

The first survey of industrial facilities in Latin America was begun in the fall of 1941 by an undercover SIS representative (H. B. Judell). This agent, in order to establish himself better in Venezuela, took a job as safety consultant with [redacted] in Venezuela. He then proceeded to survey the facilities along the lines which he had learned at the Bureau. He work proved so successful that before he was finished he had made surveys of the [redacted] facilities in western Venezuela and Aruba, N. W. I. Many of the recommendations made by this agent have been adopted by these companies and indirectly his work was responsible for new legislation in Venezuela regarding plant protection. His findings were distributed to the War and Navy Departments and were said to be very constructive and beneficial. (64-3900-147)

b7D
b7E

The first official plant surveys by the Federal Bureau of Investigation in South America were instituted subsequent to a request made on June 15, 1942 by the Bolivian Foreign Office to the American Embassy in Bolivia that the United States Government make available three specialists in plant survey work to make suggestions for the protection of the Bolivian tin mines against sabotage. Three Bureau agents were sent to Bolivia shortly thereafter and made plant surveys of facilities of strategic importance in that country. (64-1016-X)

An extensive plant survey program was instituted as of January 1, 1943 in Latin America. This program came into existence as a result of a request on part of the State Department that F. B. I. representatives be attached to Latin American Embassies as "security officers", and that they be qualified to give instructions to authorities and industrialists in the various countries in regard to the protection of plants against sabotage. An agreement was had with the Army and Navy officials in Washington that the F. B. I. would be responsible in the other American Republics for conducting surveys in the nature of plant surveys with respect to plants and other facilities vital to the production, manufacture and transportation of strategic materials for use in behalf of the United Nations War Effort, and that the program would include the matter of furnishing technical advisers and instructors to the local government industries and officials with regard to plant survey and plant protection matters. (64-1016-1X)

The plant survey program instituted was educational and advisory in nature and not an operational program designed to investigate sabotage or to under take for the Bureau the responsibility of preventing sabotage.

Eighteen Special Agents, specially qualified in plant survey work were selected from the field and sent to Latin America in January, 1943 on special assignment to survey plants and facilities vital to the Allied war effort. Arrangements for the surveys were made by the State Department. The following eighteen Special agents who comprised the plant survey teams had completed their assignments and returned to the Bureau's domestic field by May 15, 1943:

[redacted]

b7C

At the beginning of the Plant Survey Program, it was suggested by Mr. Berle and agreed to by the Bureau that the FBI furnish "security officers" to be attached to Embassies under Legal Attaches in those countries who requested the services of such Agents. These "security officer in addition to performing regular SIS work, were to act as advisers in plant survey matters in their countries of assignment. Such Agents were stationed in Latin America in the countries that asked for the services of "security officers". (64-1016-X4)

In addition to plants surveyed by the Bureau, the British Industrial Security Organization in Latin America furnished reports to the Bureau on Strategic British-owned facilities in Latin America. Reports on twelve such plants were distributed to interested agencies of the United States.

2. Surveys Made.

The following organizations were surveyed by Bureau representatives in Latin America. It is pointed out that in a number of instances more than one facility belonging to an organization was included in the survey of that organization.

Argentina

Pan American-Grace Airways in Argentina

Bolivia

American Smelting and Refining Company
Bolivian Power Company
Bolivian Tin and Tungsten Corporation
Cia. Minera y Agricola Oploca
Compania Aramayo de Minas en Bolivia
Rochschild Mines
International Mining Company
Lloyd Aereo Boliviano
Pan American-Grace Airways in Bolivia
Patino Mines
Sociedad Empresa Estano de Araca

Brazil

Baro Branco Minas
Butina Mine
Cresiuma Mine
Companhia Paulista de Estradas de Ferro
Jao Joronimo Mine
Panair do Brasil
Pan American Airways
Port of Bahia
Port of Cabedello
Port of Fortaleza
Port of Maceio
Port of Manaos
Port of Natal
Port of Pelotas
Port of Porto Alegre
Port of Recife
Port of Rio Grande
Port of Rio de Janeiro
Port of Santos
Port of Sao Luis
Port of Vitoria
Standard Oil Company of Brazil
The Atlantic Refining Company
The Caldric Company
The Texas Company

Chile

Andes Copper Mining Company
Anglo-Chilean Nitrate Corporation
Braden Copper Company
Chile Exploration Company
Las Salinas Oil Depot
Lautaro Nitrate Company
Pan American-Grace Airways
Port of Antofagasta
Port of Valparaiso

Colombia

Aerovias Nacionales de Colombia
Ferrocarril del Pacifico

Cuba

Compania Nacional Cubana de Aviacion
Cuban Electric Company
Cuban American Manganese Company
Nicaro Nickel Company
Matahambre Mines

Ecuador

All America Cables and Radio, Inc.
Aserrio La Victoria Balsa Mill
Aserrio San Pedro Balsa Mill
Asseradero Borbon Balsa Mill, aka Sr. Jorge Baad Mill
Asserio America Balsa Mill
Asserio Aurora Balsa Mill
Asserio Santa Nora Balsa Mill
Asserradero Las Mercedes Balsa Mill
Balsera Guayaquil, S. A., Balsa Mill
Cia. Aserradora San Vicente (Balsa Mill)
Cotopaxi Exploration Company
Ecuador Balsa Mill
Ecuadorean Balsa Wood Company
Empresa Electrica Del Ecuador, Inc.
Federico Figueroa Balsa Mill
Florida Balsa Mill
Hanna Balsa Mill
Inca Balsa Mill
International Balsa Company
Josefina Balsa Mill
La Propicia Balsa Mill, aka Padovani Mill
La Maria Balsa Mill
La Esfuera Balsa Mill, aka Sr. Plaza Mill
Libertad Balsa Mill, Esmeralda, aka Estupian
Libertad Balsa Mill, aka Granada Mill
Modorno Balsa Mill
Pan American-Grace Airways, Inc.
San Jose Balsa Mill, aka Pleta Brothers Mill
San Pablo Balsa Mill
Santa Marta Balsa Mill, aka Luis Zatizabal Mill
Segundo Tambaco Balsa Mill
Sociedad Ecuatoriana de Asseradero, aka Eduardo Garcia Mill

Peru

Cerro de Pasco Corporation
Docks of Callao
Ganzo Azul Oil Company
International Petroleum Corporation
Vanadium Corporation
Northern Peru Mining and Smelting Company
Panagra Airlines
Peruvian Corporation (British Railroads)

Uruguay

Ancap Distillery and Refinery
Artigas (Armour) Meat Packing Company
National Meat Packing Company
Port of Montevideo
Swift and Company (Meat Packing)
Usina Power Company

Venezuela

Gulf Oil Company
Lago Petroleum Corporation
Mende Grande Oil Company
Pan American Airways
Royal Dutch Shell Company

Facilities of the Pan American Airways have also been surveyed in Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador.

It will be noted that general surveys were not conducted in Argentina and Mexico. This is due to the fact that the Argentine Government did not see fit to grant permission for Bureau personnel to make surveys there, and because Ambassador Messersmith in Mexico would not request the Mexican Government to allow surveys to be made in that country, stating that he felt it unnecessary for such surveys and would assume all responsibility in the event sabotage occurred. The Army and other interested agencies were fully advised of these circumstances which existed in Argentina and Mexico and which precluded the Bureau from carrying out its Plant Survey Program in these countries.

3. Surveys of U. S. Diplomatic Facilities.

From time to time, beginning in June of 1940, the State Department requested representatives of the Bureau to survey and check the security of diplomatic communications, code rooms and the individual personnel therein on an individual special basis, in various diplomatic missions. The following Special Agents of the F. B. I. acted as couriers, code clerks, and the like on special assignment for the State Department in England, Sweden, Scotland, Finland, Spain, France, Switzerland, Holland and Germany, and in the course of their duties traversed a great deal of Continental Europe: (62-63992-15)

[redacted] b7C

At the request of the State Department a series of surveys was begun on August 20, 1943 and an exhaustive technical inspection of the properties occupied by the American Governmental Missions in Portugal, Spain and Spanish Morocco was made for illicit telephone taps and concealed listening devices.

At Lisbon and Madrid a check was made of the following properties

Lisbon, Portugal

The Chancery

Madrid, Spain

Ambassador's Residence and Chancery

New Chancery Building
Consulate Building
Office of Military Attache
Office of Naval Attache
[redacted] b1
Office of Petroleum Mission [redacted] S
Office of Passport Control
Casa Americana (OWI)
Office of United States Commercial Company

Morocco, North Africa

Tangier, Morocco Legation
Private residences of officials

Consulates
Barcelona, Bilbao, Malaga, San Sebastian, Sevilla, Valencia and Vigo
Private residences of officials

In the Spanish check, arranged telephone taps were found on the telephones of the Ambassador, Councilor of Embassy, Office of Military Attache with the Embassy outside line, OWI Office, and in the office lines of the Consulates at Barcelona and Bilbao, while telephone hookups were such in the Consulates at San Sebastian, Valencia and Malaga as well as in the home of the San Sebastian Consulate that could be used as microphone hookups when the telephones were not in use. In addition, similar telephone pickup taps were also found on the private Ritz Hotel telephones of the Military Attache, the Assistant Military Attache and the Director of the United States Commercial Company. Similarly, these were found on the private telephones of a Vice Consul at the Palace Hotel and in the private home of the Economic Attache. The check of the facilities at Lisbon, Portugal, reflected negatively. At Tangier, Morocco, six telephone taps were found on the lines of the Legation while the lines of the Military Attache were so wired as to act as a microphone tap when the telephone was not in use. (65-41977-39)

The State Department directed special correspondence to the Bureau in appreciation for the excellent work done on the surveys and requested that similar surveys be conducted on other American diplomatic installations abroad. As a result, a trained Special Agent [redacted] departed Washington, D. C. on December 21, 1944, to conduct a survey of the Embassies at Naples and Rome, Italy; the Hague, Holland; Antwerp and Brussels, Belgium; Bern, Switzerland; and Paris with all of the Consulates in France. b

During the period from August 23 to November 30, 1944, the telephone installations of the American Embassies in Buenos Aires, Argentina; Santiago, Chile; and Rio de Janeiro, Brazil, were surveyed from a security standpoint. Three indications of telephone line tapping were located in Buenos Aires and four in Rio de Janeiro. No technical equipment was found connected to any of the taps except in one instance in Rio de Janeiro where one of the taps constituted a surveillance [redacted] of the six most important trunk lines of the Copacabana Hotel. The Copacabana Hotel is presently used as a residence by General Kroner, the Military Attache, and Lieutenant Commander McLernan of the Naval Attache's office. Until just several weeks ago, Mr.

Winans of the Embassy Staff also used this hotel as his headquarters. All telephone lines in Santiago, Chile, were found to be in good condition with no indication found of any tampering.

In Buenos Aires, definite and conclusive evidence was found of a previous tap having been placed on the private magneto telephone circuit between the Ambassador's office and the Embassy residence. The point of tap was located on top of the Fiat Automobile concern operated by Italians and Argentines. One point of tampering was discovered on a private unlisted telephone line of the Charge d'Affaires. This particular telephone line was wired through three exchange offices and at one office a pair of wires had just recently been removed from the actual voice circuits of the unlisted line. The third tap found at Buenos Aires was on the switchboard extension phone of the Naval Attache working in a building separate from the Embassy and Consulate proper. The multiple or reappearing terminals of this telephone line appeared in a basement terminal box approximately three blocks from the Office of the Naval Attache in a large department store. It was necessary to obtain carpenter tools to break open the terminal box. During the investigator's absence, a male employee of the department store committed suicide by shooting himself through the heart a short distance from the terminal box. (62-39749-443)

In Rio de Janeiro, a tap was located on the unlisted telephone assigned to the radio room utilized by the office of the Legal Attache. A tap was also located on the listed phone supplying the residence of the Legal Attache. A tap was also found terminating in the Censorship Room of the American Chancery on a terminal block with no cover. The fourth instance of tampering found in Rio de Janeiro has already been covered in the opening paragraph of this subsection, with hotel lines tapped at a telephone exchange office.

Six weeks' time was required for the physical survey at Buenos Aires, but only two weeks' time was required at Santiago and three weeks' time was required at Rio de Janeiro. It was estimated that two man years would be required to complete the survey of telephone communications of all Embassies and Consulates throughout Latin America, including Mexico, Central America, South America, and the West Indies.

On January 8, 1945, Special Agent [redacted] arrived in London for the purpose of resuming the security checks he had been making for various State Department establishments on the European Continent. These security checks had proven very effective in the past, and the State Department requested that [redacted] be returned to complete this work. As an example of the effectiveness of this project, there are cited the two instances in which taps were discovered on Embassy telephone lines in the State Department establishments in Madrid. In March, 1945, Special Agent [redacted] b7C of the Laboratory was sent to Europe to assist [redacted] in this work.

After completing the work at London, [redacted] went to Paris, France, Bern, Switzerland, and Warsaw, Poland. Westcott also traveled through most of the legations which the United States maintains in Europe. b7C

One of the more valuable accomplishments of this security check the discovery at the Embassy in The Hague, Netherlands, true readings of secret, confidential and restricted machine-coded messages available to scrutiny by anyone. These messages were left exposed in open files which were placed on the tops of desks in the Embassy. Our representative point out that with one of these and an encoded copy of the same text, the particular code could have been broken. He stated that this was in violation of secret State Department regulations which require that only one true readi of messages be made and that this true reading should go to the code room encoding. The paraphrases of this message are then supposed to be prepare by the code room for the necessary files.

It was further disclosed that the clerk handling the code room affairs in The Hague had not been properly instructed in the State Departme regulations. Our Agent pointed out that as a result of the departure from correct procedure, there was a good possibility that the entire machine-coding system had been compromised. The matter was taken up with the Americ Ambassador at The Hague and arrangements were made to follow the correct procedure exactly. (64-31819)

A recheck was also made at the American Embassies at Brussels, Belgium and Paris, France for the purpose of determining whether those establishments were following the procedure prescribed by the State Department in the transmission of codes.

B. POLICE LIAISON AND TRAINING OF LAW ENFORCEMENT OFFICIALS IN LATIN AMERICA

1. Visits to Bureau By Latin American Officials.

The police departments of the various Latin American countries greatly facilitated, in most instances, the Bureau investigations in those countries by making available their records, their informants, and in many cases the services of their investigators. Early in the S. I. S. program the fact was recognized that these police departments would be an invaluable asset to the program if their enthusiastic aid could be obtained. In most instances that aid was freely and promptly given while in other cases it was necessary to actively cultivate the good will of the department. Aside from regular police liaison developed with the various police agencies the Bureau provided training at Bureau Headquarters for certain leading Latin American police officials and, after proper requests from the Latin American countries had been cleared through the State Department, assistance in police training was given by the Bureau within the various countries themselves.

Under this program, General Manuel Benitez y Valdes, Chief of the Cuban National Police visited the Bureau at Washington in October, 1942. He was accompanied by Special Agent [redacted] Dr. Israel Castellanos, Chief of the Cuban Bureau of Identification; Comandante Antonio Fernandez de Velasco, Aide to General Benitez; and Captain Mariano Faget y Diaz, Chief of the Cuban Bureau of Investigation of Enemy Activities. (64-30837) b7C

Majors Jorge Hernandez y Mendez and Rodrigo Mendez y Soto, respectively Chief of Public Security and Instructor General of the National Police of Costa Rica arrived in Washington in June, 1943, and were given three weeks' training by the FBI (64-22965-91)

Colonel Hector Salgado, Chief of the Carabineros of Ecuador, visited the Bureau in February, 1943, for the purpose of studying Bureau technic and methods of operation. (64-20676-48)

Dr. Plinio Brasil Milano, Chief of the Political Police for the State of Rio Grande do Sul, Brazil, was the guest of the FBI in July and August, 1943. (64-29833-205-138)

In September, 1943, Dr. Manuel Pulido V., Director of Investigations of the Venezuelan National Police, visited the Bureau and was given a six weeks' course of training in the following subjects: cryptanalysis and radio intercept analysis; document identification; chemical microscopy; spectrograph, toxicology, and secret writing; firearms identification, explosives, demolition, and sabotage devices; radio equipment and special sound equipment, alien enemy control work; sabotage; espionage; practical photography and casting; Fascism and Nazism; Japanese activities; law enforcement in wartime; internal security matters; moulage; operations of translation unit; visa and exit control; field office technical equipment; fingerprint identification and latent fingerprints; with National Police Academy; training films - FBI Front (in Spanish) March of Time pictures on Bureau: mechanics of arrest; study of Bureau field offices (this included a two weeks' field trip comprising a study of field offices at New York, Chicago, and Milwaukee); study of police departments - detailed study of Milwaukee Police Department (Chief of Police Joseph Kluchesky took the Doctor on a tour of his department). (64-29833sub228)

In April, 1944, Major Jaoquin Luiz Amaro da Silveiro, Special Delegate for Political and Social Order in the Police Department of the Federal District of Rio de Janeiro, was a guest of the Bureau. He visited several field divisions, was given a course of instruction at the Seat of Government and at the graduation exercises of the Twenty-Fourth Session of the National Police Academy he was a guest of honor. An album containing a pictorial history of his visit was prepared and presented to him and to the United States Ambassador to Brazil. After his return to Brazil Major Amaro was very enthusiastic in his praise of the Bureau. (64-29833-205-138)

Jorge Garreton y Garreton, Director General of Investigations of Chile, arrived in the United States June 26, 1944, as a guest of the FBI for a six weeks' course of study and a tour of the New York, Chicago, Detroit, and Milwaukee Field Divisions. An album of pictures taken during Garreton's visit to the United States was prepared for presentation to him. (64-26289-168x)

Other Latin American Police Officials who have visited the Bureau are General Ramon Jimenez Delgado, Chief of Police of the Federal District of

Mexico in August and September, 1944; Jorge Toriello, civilian member of the Revolutionary Junta in Guatemala who visited the Bureau in December, 1944; and Walfrido Bredo Guimarnes, Director of the State Prison Society of Sao Paulo, Brazil. After [redacted] visit to the Bureau he requested the Bureau to assign a Police Liaison Agent to his department in [redacted] and also requested that officials of his department be permitted to take courses of instruction given by the FBI at the Seat of Government. b7D

a. Visitors To The Bureau

There are being listed below the names of prominent police officials from other countries who have visited the Bureau since January, 1945.

Mr. Juan Varleta Olivares - Official of the Police Laboratory, Santiago Chile. He visited the Bureau on January 19, 1945. He was Particularly interested in spectrographic and blood examinations. Work done in the sections of the Laboratory was explained to him and he was given a tour of the Bureau.

Inspector Emile Maxmilian Ensberg - Dutch Guiana National Police. He was given a special tour in March 1945.

Dr. Carlos Febres Cordero - Inspector General of the National Offices of Investigation and Identification, Caracas, Venezuela. He visited the Bureau on March 19, 1945, and was given a tour of the Bureau and introduced to several Bureau officials. He appeared very enthusiastic and well pleased with the attention he received while here.

Major Federico Mindello Carneiro Monteiro - Former Director of the Division of Political and Social Police of the Federal Department of Public Security in Rio de Janeiro, Brazil; now Assistant Military Attache at the Brazilian Embassy in Washington, close friend of Police Liaison Agent Rolf L. Larson. He was given a tour of the Bureau on August 3, 1945.

Joaquin de Olivierra Sampaio - Representative of the Brazilian Chief of Police, on a purchasing mission to the United States, was given a special tour of the Bureau on August 4, 1945.

Mr. W. J. Van der Kroef - Formerly in charge of the Dutch Police in Curacao, N.W.I. He was in the United States for a few weeks en route to Australia and Dutch East Indies to act as Commissioner of Police in one of the major cities. He was given a tour of the Bureau on July 27, 1945.

Chief Gilbert B. Brook, Sr. - Lago Oil and Transport Company Police, Aruba, N.W.I. He was given a tour of the Bureau and Armory on August 22, 1945.

Captain Santiago Barbosa - Formerly commanded the Fourth and Fifth National Police Divisions in Bogota, Colombia; now Assistant Military Attache at the Colombian Embassy in Washington. He was b7C b7D

[redacted] He was given a tour of the Bureau in October, 1945.

Major Abel Modesto Quintero - Formerly Inspector General of the Panamanian Secret Police; now Military Attache at the Panamanian Embassy in Washington. He was given a tour of the Bureau on December 6, 1945.

Ambassador Joaquin Vallarino - Panamanian Ambassador. He accompanied Major Quintero, above, on a tour of the Bureau, December 6, 1945.

Brigadier General Ramon Jimenez Delgado - Chief of the Police of the Federal District of Mexico. He was invited to attend the graduation exercises of the FBI National Academy held on March 29, 1946. The General accepted and was accompanied to the United States by Captain Jorge Katthain and Colonel Carlos Espinosa, Head of the Identification Division of the Police of the Federal District of Mexico. The party was in the United States for approximately seven days, and was accompanied at all times by Bureau Agents acting as escorts. General Jimenez was a guest of honor at the graduation exercises. He and the other members of his party were very grateful for the entertainment and other courtesies provided them during their stay in the United States.

During the first quarter of 1946 the following individuals visited the Bureau and were given tours of the facilities in Washington:

W. A. Calver - Scotland Yard

b7C

Captain Gonzalo Ruiz - Guardia Civil of Ecuador

b7D

[redacted]

Felipe Gomez Mont - Professor of Penal Law at the Technical Institute of the Judicial Police of Mexico. He was given a tour during the afternoon of May 28, 1946.

2. Police Liaison Agents Training School.

The first training school for Bureau Police Liaison Agents began February 5, 1945 and continued for one week. The curriculum included general problems of police liaison in Latin America, materials available at the Bureau for use by Police Liaison Agents, police organization and methods in

Latin America, technique of contact with Latin American Police Officials, Bureau policy on Latin American liaison, the origin and history of the various fingerprinting systems, police organization in the United States, and police records.

This school was attended by the following agents, six of whom were already operating as Police Liaison Agents in Latin America; all of them possessed the necessary language qualifications and general ability:

[redacted] [redacted] b7C

3. Police Liaison By Countries.

Bolivia b7C

In February, 1942, Police Liaison Agent [redacted] broached the subject of a school for police officers in Bolivia to Colonel Zacarias Murillo who was then Director of the National Police in Bolivia and was formerly Chief of Police at La Paz for about ten years. Colonel Murillo planned to reorganize the National Police completely and enlisted the aid of Agent [redacted] in this connection. (64-4194-34) b7C

In May, 1942, Colonel Murillo and [redacted] conferred to plan for the forthcoming school, and it was agreed that classes composed of not more than thirty trainees be instructed as soon as material for instruction was received from the Bureau. (64-4194-66) b7C

At the same time in May, 1942, Bureau representatives at La Paz, Bolivia, furnished Colonel Murillo with memoranda concerning approximately eight Axis nationals deemed dangerous to the Allied cause in Bolivia. Colonel Murillo indicated that he planned to insist that these Axis personalities be deported. As a result of the Colonel's attitude it appears that he was "kicked upstairs" by the President and was appointed Prefect of one of the northern departments of Bolivia and was replaced by Colonel Carlos Boria Galvarro. It is probable that the Bolivian Government transferred Murillo rather than be embarrassed by his insistence that these Axis nationals be deported. (64-4194-79)

In view of the foregoing circumstances plans for FBI instruction to Bolivian Police Officials were temporarily bypassed. However, in August, 1942, Agent [redacted] was informed by the Bolivian National Police Director that a training course for the Bolivian special investigative organization was being considered. Plans for the assignment of an FBI Agent to the Bolivian Police did not materialize but Special Agent [redacted] was assigned to La Paz as an undercover personal adviser to President Penaranda. This assignment was terminated by the Bolivian Revolution in December, 1943. b7C

b7C

From April, 1943, to September, 1944, Special Agent [redacted] functioned very efficiently as Police Liaison Agent attached to the Embassy in La Paz, Bolivia. He obtained excellent cooperation and in fact had four agents of the Bolivian National Police assigned to work exclusively on Bureau cases. In September, 1944, [redacted] was called to the United States b7C to his health.

Officials of the Bolivian National Police later negotiated with the Legal Attache in La Paz regarding the assignment of a Bureau Police Liaison Agent to Bolivia. The United States Ambassador to Bolivia forwarded to the State Department the full text of a request from the Bolivian Government for the assignment of such an agent; however, he pointed out that the regime appeared to have virtually autonomous power which in the past they had exercised in a most brutal manner. He indicated that unless care were exercised, the Bureau Agent in charge of the contemplated police training school might inadvertently become involved in some future outrage with the resultant impairment of the prestige of the United States Government.

The State Department replied to the request of the Bolivian Government, stating that it is not possible at that time to assign a police instructor due to the acute shortage of qualified personnel. The real reason was that the State Department did not desire to grant further recognition to the new Bolivian Government. The State Department believed that under the regime at that time in power in Bolivia the methods taught by such a police instructor might at a later date be used against the United States. The State Department further felt that since the Bolivian Government was not officially recognized, the assignment of such an agent would give the Bolivian Government an opportunity to impress upon other Latin American countries that the United States was in complete accord with its government.

Brazil

In August, 1943, Special Agent [redacted] was assigned to Rio de Janeiro, Brazil, to serve in a liaison capacity. Since the Brazilian Police desired instruction this Agent arranged to have Bureau lectures delivered in Lima, Peru, translated into Portuguese. This series of between 25 and 30 lectures was given by Special Agent Larson to the Chiefs of the various sections in the Rio de Janeiro Police Department. He had several copies of these lectures printed and each auditor was presented with a full set of lectures after he attended the course. (64-29833-205-35) b7C

The Bureau Police Liaison Agents assigned to Porto Alegre and Sao Paulo, Brazil have modeled their assignments after that of [redacted] and have delivered the same course of lectures.

Almost daily consultations were held by Special Agent [redacted] at Porto Alegre with Dr. Plinio Brasil Milano, former Chief of the Political Police and later a higher police official. So well known was [redacted] in his capacity as liaison officer that he was approached by general newspaper and police reporters to provide material for articles concerning the Bureau's work for country-wide publication.

Similarly Special Agent [redacted] at Sao Paulo was so favorably regarded in his assignment with the police there that complete cooperation of all matters of interest to the Legal Attache was taken as a matter of course.

On May 23, 1944, Special Agent [redacted] held a conference for the Directorship of Investigation and Preventive Services in Porto Alegre. On May 26, 1944 he held a similar conference for the Delegacy of Political and Social Order. On May 30 in his conference with the Directorship of Investigation and Preventive Services [redacted] delivered a lecture entitled "A Study of an Information Service." He also showed a film treating investigation of the Baumgartner Case. These conferences were well attended. b7C

On June 9, 1944, Special Agent [redacted] began a series of sixteen lectures before the Sao Paulo Police Department which were well received. Attendance varied between 100 and 120 officials and films were shown in connection with these lectures. A great deal of publicity appeared in the Brazilian newspapers as a result and [redacted] being known openly as an FBI Agent was so described in the papers. (64-29833-205-119) b7C

Special Agent [redacted] at Porto Alegre has contributed numerous articles to the police magazine "Vida Policial" including several interesting Bureau case memoranda. Practically every issue of this magazine mentions the Bureau and one recent issue carried a facsimile of the Director's letter to Dr. Plinio Brasil Milano expressing appreciation for two copies of the publication. b7C

Of interest is the following incident. In the latter part of July, 1944, our Liaison Agent in Rio de Janeiro learned that Brazilian authorities had arrested one Maurico Uzandro Bogado. He requested the Bureau to furnish all available information concerning the subject, as there were indications that he had been arrested in the United States. A search of the Bureau's records revealed that an individual named Alejandro Almargo had been arrested in New Rochelle, New York, on April 24, 1942, and was possibly identical with Bogado. Almargo had obtained $5,000 under various pretenses and later had escaped from a psychistric institute in Eastview, New York where he had been confined as a dangerous lunatic. Authorities in Eastview and New Rochelle were extremely interested in apprehending Almargo. The Bureau furnished our Liaison Agent in Rio de Janeiro with the fingerprints of Almargo in an effort to identify Bogado with Almargo. He was identified. (64-29897-11)

It is interesting to note that two investigators of the Brazilian Police have been assigned to the Police Liaison Agent at Rio de Janeiro. They make use of their official capacities for investigations assigned to them by our Police Liaison Agent and are available to assist him on other matters. It is estimated by the Legal Attache and the Liaison Agent that approximately sixty per cent of the investigation of the Rio de Janeiro Office is currently being handled by the Liaison Agent through these investigators and informants and contacts in the Rio Police Department.

At Porto Alegre, Brazil, Police Liaison Agent [redacted] is following up his series of lectures at the Rio Grande do Sul Police Department with an English course, which is attended by twenty-five high ranking officials of the Department.

The monthly magazine, "Vida Policial" (Police Life), which is b7C published by the Rio Grande do Sul Police Department at Porto Alegre, ran a series of feature articles entitled "FBI na Guerra e na Paz" (FBI in War and in Peace) which is based on Bureau material furnished to the Department by the Bureau through Liaison Agent [redacted]

When preparations were being made to close the SIS Office in Rio de Janeiro, Brazil, Officials of the Embassy and Heads of the various Police Department in Rio de Janeiro requested that an Agent be left there to serve in a liaison capacity with the Brazilian Police. The Bureau complied with these requests and Agent [redacted] remained in Rio de Janeiro. b

Chile

In October, 1943, Special Agent [redacted] was assigned as Police Liaison Agent with the Chilean Police. He avoided as much as possible acting as a mere instructor for the police although he did deliver Bureau lectures on those subjects in which the Director General Jorge Garreton expressed an interest. He devoted most of his time to that section of the b7C Chilean Police which handles subversive activities and counterespionage. (64-29833-13)

Garreton worked very closely with [redacted] and the Legal Attache in various cases; particularly the clandestine radio PQZ Case which resulted in the apprehension of some sixty subjects, the recovery of over five radio transmitters and currency valued at $200,000. During the course of this investigation Garreton was accompanied on all the raids by [redacted] and allowed the latter to question all the subjects fully and completely. [redacted] also acted as a consultant with the Chilean Police in the planning of the raids and the apprehensions.

During the visit of Jorge Garreton to the United States [redacted] successfully maintained close contact with the Acting Chief of Investigaciones, a rival of Garreton. Although Garreton had frequently been contacted by the Office of the Legal Attache in Santiago prior to the assignment of a Police Liaison Agent, a very marked improvement in the cooperation afforded by the Chilean Police was noted after [redacted] assignment.

Jorge Garreton resumed office as Director of Investigaciones December 1, 1944, after his trip to the United States and a trip to b7C Argentina during October, 1944. Upon his return to Santiago, he advised Police Liaison Agent [redacted] that while in Argentina he and a Chilean companion were kidnapped by a group of unknown assailants and after being beaten with a rubber hose, were thrown into a ditch in Palermo Park, Buenos Aires. One assailant was identified by his companion as Heinz Lange,

a leading German espionage agent and subject wanted in connection with the investigations of IDZ and EQZ. Garreton is of the opinion that the assault was an attempt on the part of Germany to liquidate him due to his anti-Nazi investigations in Chile.

After assuming office and prior to [redacted] departure, Garreton arranged a tour through Investigaciones for [redacted] and Acting Legal Attache [redacted] Photographs were taken with Director Garreton and also of various departments under his direction, including the Technical Police Laboratory. b7C

Upon [redacted] departure, Director Garreton gave a small private dinner for him. On this occasion, he expressed his hope that [redacted] would return to Chile and spoke of the excellent relations which his department had had with [redacted] Garreton again requested [redacted] to thank the Director and all his friends at the Bureau for the excellent treatment which was afforded him during his visit to the United States.

Colombia

In the fall of 1940, Special Agent [redacted] as an accredited representative of the Bureau, gave a series of lectures at Bogota, Colombia, before the Brigade Commanders of the Seven Brigade Headquarters located throughout Colombia. (64-4010-23) b7

Among the subject discussed by Agent [redacted] were the following: espionage, counterespionage, records, manner of obtaining information, evaluation of information, detentions, surveillances, inspections, the problem of securing information in the present European conflict.

Considerable success was enjoyed by the Bureau in a police school conducted at Medellin, Colombia, in the fall of 1942. The lectures consisted of seven sessions of one hour and twenty minutes each, and the average attendance at each of the periods of instruction amounted to 250 trainees. This school was attended by Police Officers, Army Officers and public officials, and it was conducted by Special Agent [redacted] The lectures started on October 23, 1942, and were concluded on November 11, 1942. General intelligence topics were discussed such as: general considerations of totalitarian activities, espionage, counterespionage and sabotage.

As evidence of the benefit derived from these sessions it is to be noted that at the conclusion of the course, Special Agent [redacted] was advised by Major Ochoa, Chief of the Municipal Police at Medellin, that the trainees had already begun to turn in reports regarding persons suspected of engaging in subversive activities. (64-4601-14,17) Later Special Agent [redacted] work was carried on by Special Agents Quenton E. Plunkett and [redacted] Special Agent Plunkett was killed in an airplane crash in an isolated region in Colombia.

On September 9, 1944, Special Agent [redacted] arrived at Bogota, Colombia, to act as Police Liaison Agent. Shortly after his arrival Special Agent [redacted] was also assigned at Bogota as Police Liaison Agent with the Colombian National Police.

b7C

Police Liaison Agent [redacted] gave a ten-week series of lectures to the detective section of the Colombian National Police. These lectures were given four times a week and an average of eighty detectives were present at each lecture. These lectures included investigative techniques, scientific investigation, espionage, sabotage, etc.

[redacted] also gave an eight-week series of two classes a week to eighteen first lieutenants in the police school at Bogota. These lectures included sabotage, espionage, and surveillance. b7C

Dr. Ruiz Franco of the Identification Section of the Colombian National Police had requested Police Liaison Agent [redacted] to survey the identification system in operation and to offer suggestions as to the records and operations of this unit. It is of interest in this connection that Radio Operator [redacted], who formerly worked in the Single Fingerprint Section of the Bureau, accompanied [redacted] and they spent about fifteen hours looking over the files, talking to the fingerprint experts, and making suggestions to improve their work.

Bureau films "Men of the FBI," "Don't Talk," "Counterespionage" and "Mechanics of Arrest" were shown on three separate occasions to the Colombian National Police conferences attended by highest Colombian Police Officials, the Detective Section attended by one hundred twenty detectives and officials, and to the Colombian National Police Academy attended by two hundred fifty officers and men. These films were well received and numerous requests were made by police officials for another presentation. In connection with these showings a film secured from the office of the Coordinator of Inter-American Affairs, entitled "Dominating the Police Horse" was also shown.

On November 17, 1944, the Legal Attache gave a supper for General Carlos Vanegas, Director General of the Colombian National Police and nineteen other department heads. The above films were shown upon this occasion and were very well received.

During the period between August 20 and September 4, 1945, Police Liaison Agent [redacted], at the request of the Departmental Governor, conducted a police school in Medellin, Colombia. Ninety students, including detectives, officers, and agents of the Departmental and Municipal police, attended the classes which were held for eight hours each day. At the inaugural and closing session of the school ranking governmental and police officials made speeches lauding the Bureau and the Director and expressing appreciation for the value of the school given by Agent [redacted].

On his return to Bogota from Medellin, Agent [redacted] was requested to give a series of lectures to a select group of detectives in Bogota. He gave an hour lecture each day over a period of three weeks. This school was also extremely well received.

On November 5, 1946, at a ceremony held at the Police School in Bogota, Colombia, General Carlos Vanegas M., Director General of the Colombian National Police, conferred on Police Liaison Agent [redacted] the "National Police Medal". General Vanegas expressed personally to Agent [redacted] in the presence of the gathering, his pleasure in being able to confer the medal and expressed again his appreciation for the services which have been rendered to the Colombian National Police by Agent [redacted] and former Police Liaison Agents. Ambassador John C. Wiley stated to the Legal Attache that he was highly gratified and pleased to know that the Colombian National Police had recognized in this manner the assistance given them by Agent [redacted] b7C

b7C

Costa Rica

During the latter part of October, 1945, Special Agent [redacted] was transferred from Colombia to Costa Rica. His arrival in San Jose was heralded by complimentary news articles accompanied by pictures of Agent [redacted] When he was introduced to Costa Rican police officials the latter were extremely enthusiastic and appeared to be genuinely interested in receiving whatever help, suggestions and guidance [redacted] might be able to offer them. Colonel Daniel S. Gallegas, Sub-Secretary of the police, requested [redacted] to spend two or three weeks making survey and study of the police system in Costa Rica in order that a suitable curriculum might be selected for a school. This was done and on December 3, 1945, the school was inaugurated. Honorary guests at the inauguration ceremony included the President of Costa Rica, Teodoro Picado; United States Ambassador, Hallett Johnson; and high ranking officials of the Costa Rican Government. The school was attended by approximately two hundred students and it lasted twelve days. At the termination of the school, President Picado expressed his appreciation for [redacted] work and the leading police officials stated very strongly that the school had been of inestimable value to their organization. (64-29833-209-50) b7C

Cuba

In February, 1942, Special Agent [redacted] was assigned to work with the Police Department in Havana, Cuba. Both General Manuel Benitez y Valdes, Director of the Cuban National Police, and Captain Mariano Faget, Chief of the Central Control Office, expressed a desire for the Bureau to conduct a police school in Havana. (64-4253-4) Such a police school was conducted, having started on March 18, 1942, and concluded after a series of lectures on the following subjects: photography and its application in national defense, road blocking, crime prevention, recording data at the scene of the crime, searches of persons and places, technical aspects of sabotage methods, fingerprint identification, codes, ciphers and secret messages, ballistics, detection of deception, documents, espionage and counterespionage.(64-4253-13,37) b7C

The school was attended by thirty-eight men including police officers, patrolmen, naval and military intelligence officers, and plain clothes detectives. The affair received favorable publicity in Havana daily newspapers. The lectures were given by Special Agent [redacted] in the motorized Radio Section of the National Police at Havana. The classes were enthusiastically received and conscientiously attended by the trainees, some of whom took excellent notes which they maintained in bound notebooks. b7C

At the conclusion of the school Agent [redacted] was presented with a book entitled "Criminal Espionage" written by Lt. Juan Francisco Padron, Chief of the Cuban Federal Bureau of Information. On the first page of this book, Lt. Padron wrote the following dedication:

"Mr. [redacted] b7C
To the distinguished professor and member of the renowned
Federal Bureau of Investigation of the
United States of America as a demonstration
of esteem and affection for the great American
nation
From your affectionate friend,
Lt. Juan Francisco Padron" (64-4254-36)

As a result of this police school, there has been a noticeable improvement in the investigative technique of the Cuban Police as well as a closer bond of cooperation existent between SIS personnel and the Cuban officers.

No Special Agent originally was specifically designated to function as Liaison Officer with the Cuban National Police since the Cuban National Police were extremely cooperative with all Special Agents assigned in Havana who might be considered as Liaison Officers. The Agents acting as Police Liaison have been attached to the Office of the Legal Attache but the Cuban Police established and furnished an office at their headquarters for use by the Police Liaison Officers. This office had the name "FBI" on the door.

Comandante Mariano Faget de Diaz, Director of S.I.A.E., the section of the Cuban Police devoted to national defense and subversive activities, requested our Police Liaison Officer, Special Agent [redacted] to assist him in drawing up a curriculum for a retraining school for S.I.A.E. Agents. The following course was suggested by the Bureau: b7C

½ hour - Making notes in class
1½ hours - Jurisdiction of Cuban Police
1½ hours - Searches of persons
1½ hours - Searches of places
3 hours - Report writing
3 hours - Communications and law enforcement
1½ hours - Development of confidential informants
18 hours - Classification of fingerprints
6 hours - Latent fingerprints

3 hours - Technique and mechanics of arrest
3 hours - Interviews, confessions, and pretexts
6 hours - Descriptions of persons and portrait parle
1½ hours - Testimony and courtroom behavior
1½ hours - Crime prevention
1½ hours - Espionage investigations
1½ hours - Sabotage investigations

b7C

Comandante Faget requested Special Agent [redacted] to conduct one and one-half hour classes daily on these subjects for one month.

Despite the fact that General Manuel Benitez and Comandante Mariano Faget were separated from the Cuban National Police in the summer of 1944 Special Agents [redacted] and [redacted] acting as Police Liaison Agents maintained excellent relations with that organization. Colonel Antonio Brito succeeded General Benitez as Chief of Police for a short time and offered our Liaison Officers all the facilities of the Police. Major Jose Valdez Machado succeeded Major Faget for a short time as head of the Bureau of Investigation of Enemy Activities and was exceedingly cooperative with our Police Liaison Agents as he had been prior to his promotion. The new President of Cuba, Ramon Grau San Martin, prior to his taking office indicated that he desired to pattern the Cuban Police after the FBI and to make it a civilian organization completely divorced from the Army.

b7C

It is interesting to note that Bureau representatives have maintained excellent relations with present chiefs of the Cuban National Police as well as with the deposed chiefs who might possibly return to power. Major Faget in the United States on September 28, 1944, expressed to the Director his desire to work closely with the FBI should he again return to power.

A complete change in ranking personnel of the Cuban National Police marked the first two months of the presidency of Dr. Ramon Grau San Martin in Cuba. The new appointments included several of Grau's terrorist supporters, who were bitter enemies of the former Cuban police officials. Major Mario Salabarria, newly appointed head of the vital SIAE Division, had a police record, including robbery, extortion and murder. He was thirty years old, had no former police experience and had been unemployed for the past ten years. Cuban Army Colonel Jose R. Carreno was appointed Chief of Police. His assistant, Lt. Colonel Efrain Callava, formerly served for a short period as director of the Police Academy. The Inspector-General of the organization, Colonel Miguel Angel Fernandez de la Velazco, was a revolutionary and an alleged kidnapper. Police Captain Roberto Meoqui Lezama was alleged to have been an active member of one of the Cuban terrorist organizations. Hundreds of former police officials and agents resigned or were discharged. Many sought refuge in the United States and Central American countries in order to escape the threatened revenge of the terrorists. Despite these sweeping changes, Bureau representatives in Cuba continued close relations with the new officials, who promised that the same cooperation exhibited in the past would continue. President Grau openly expressed his admiration for the Bureau, and Dr. Luis A. Collado, Sub-Secretary of Defense who appeared to be supervising the work of the police, assured SIS personnel of full cooperation.

Ecuador b7C

In February of 1943 Special Agent [redacted], was assigned as Police Liaison Officer to Ecuador, the assignment having been made pursuant to the desire of Ecuadoran officials, principally Colonel Hector Salgado, Commandant of the Carabineros of Ecuador, and Colon Eloy Alfaro, Ecuadoran Ambassador in Washington.

Early in February a training school was started in Quito for the Agents of Seguridad. Some twenty-five of these Agents attended the course, which was of six weeks duration. Upon completion of the course, Agent b7C [redacted] was made an Inspector of Police ad honorem. (64-29833-212-22)

In this school and in subsequent schools conducted the following subjects were expounded: technique and mechanics of arrest, sabotage investigations, espionage investigations, auditory tests, use of pretexts in investigations, investigations to locate fugitives, reporting procedure and report writing, interviews, detection of deception, the cardinal rules of arrests and apprehensions, searches of persons, sources of information, confidential informants, rules and precautions on the firing range, offensive and defensive tactics, disarming adversaries, burglary investigations, blood and other body fluids, precautions against enemy aliens in time of war and registration of aliens, suggested regulations governing alien travel control and alien registration and interviews under pretext involving alien investigations.

In March, 1943, and intermittently for several months, a course of lectures was given the cadets in the Officers Training School for Carabinero Officers. The cadet course was composed of an average of sixty-five or seventy Officer Candidates. During July and August, 1943, the training program was extended to the Guayaquil Officers and non-commissioned Officers of the Carabineros, about one hundred in number, and also to twenty Agents of the Guayaquil Seguridad Office. On the completion of the training course in Guayaquil, a similar course was started in September of 1943 at the third largest city in Ecuador, Cuenca, which was attended by some thirty-five Officers and non-commissioned Officers of the Carabineros at that point.

Early in October of 1943 using curricula which were prepared with the assistance of Bureau Agents as advisers, Colonel Hector Salgado founded the following three schools in Quito:

(1) School for the training of National Comisarios (Police Judges): This course was of four months duration and was made up of forty men, consisting of approximately half Carabinero Officers and one-half civilians who had already been Comisarios.

(2) The School for Jefes de Seguridad:
This school, likewise, consisted of civilians and Carabinero Officers.

(3) The third school was comprised of the School for Seguridad Agents and was made up of fifty-five Carabinero non-commissioned Officers.

The Schools for Comisaries and Jefes de Seguridad were complete early in January of 1944 and the School for Seguridad Agents terminated i May, 1944. As of January 1, 1944, all the police functions in Ecuador we consolidated under the direct control of the Carabineres under Colonel Salgado. Pursuant to this consolidation, there was founded in early Janu the Fundamental Police School in Quito to train youths between the ages o twelve and sixteen for subsequent entrance into the Carabinero ranks or specialized police schools. In this, as in other police training schools in Ecuador, Bureau personnel acted in an advisory capacity and participate in the actual instructions.

The most tangible results of the Bureau Police Training Program : Ecuador were a much closer collaboration on investigation. This was primarily brought about due to the fact that many ex-pupils in Bureau training school were assigned throughout the Republic, either as Jefes de Seguridad or Agents or as Comisarios, and possessed at least a rudimentary knowledge of investigative technique and many of them through close association with Bureau personnel in Ecuador were extremely cooperative. Through Colonel Salgado, several Carabinero Officers were chosen to work full time with Bureau personnel in Ecuador on actual investigations and covering leads assigned to them. The program consisted of close collaborati with Ecuadoran Carabineros with the ultimate end in view of the establishmen of at least a semblance of uniform investigative technique and reporting, which would be a direct aid to the Legal Attache's Office in Quito.

Special Agent [redacted] conducted a great deal of work for various and successive classes of the National Police unit known as the Carabineros, headed by Colonel Hector Salgado, who was at one time a guest at the Bureau. [redacted] not only successfully covered his assignment but was the subject of a request through diplomatic channels by Colonel Salgado and the Ecuadoran Foreign Minister to be returned to Quito for additional assistance. Advice and counsel were sought of the Bureau's Police Agents at Quito in connection with the development of a system and training to be given in the Fundamental Police Schools organized in Quito in January 1944 for pre-school training of youths from twelve to sixteen years of age for entrance into the Carabineros forces. The work of the Liaison Agents in Ecuador solidified to the greatest possible degree the cooperation which it is possible to secure from the Ecuadoran Police in connection with SIS work. An interesting example of this cooperation occurred in connection with the deportation of dangerous and undesirable aliens in Ecuador from a list drawn up from the Office of the Legal Attache for presentation to the President of Ecuador. The President issued the necessary instructions for former pupils of [redacted] in the Carabineros to assist him in the arrest and deportation of these aliens.

b7C

On May 28, 1944 a revolution began in Guayaquil, Ecuador, as a result of which the Ecuadoran Government was overthrown. Since the Carabineros were on the losing side in this revolution and since the Bureau Liaison Agents had worked mostly with the Carabineros, the Bureau considered transferring two of the Liaison Agents to Bogota, Colombia, to fill vacancies there, assuming that the value of the Liaison Agents had diminished following the revolution. Ambassador Robert M. Stratton was consulted and he

immediately objected to the transfer of the Agents and so informed the State Department by cable. He requested that the Bureau leave all three Agents assigned in Ecuador and no further consideration was given to thei transfer after he had expressed his opinion concerning their importance.

Special Agents [redacted] and [redacted] Police Liaison Agents in Quito, with ease secured contacts within the new Ecuadoran Police regime, equally as valuable as those enjoyed with the de Carabinero force. In fact the new Government of Ecuador advised its diplomatic mission in Washington that it desired to organize and train the police of Ecuador so that that police system would be a non-military, non-political body, modeled after the FBI. The Ecuadoran Government stated th Special Agent [redacted] was without doubt the best qualified man to direct this reorganisation and training program. b7C

[redacted] and [redacted] assisted as part-time instructors in the school of Sub-Officials and classes of the new Guardia Civil which replaced the Carabineros. Upon the graduation of thirty-two Police Officers, August 9, 1944, Ecuadoran Police Officials expressed their thanks to the Office of the Legal Attache for the assistance rendered and [redacted] and [redacted] signed ea diploma along with other instructors. b7C

On October 25, 1944, the Minister of Foreign Affairs addressed a request to the United States Ambassador for a police mission to aid in furth instruction and preparation of the Guardia Civil. The Ambassador was very interested; however, no action could be taken by the Bureau without a formal request by the Ambassador to the State Department and proper clearance from the State Department. It was suggested to our Legal Attache that, for the present, instructions and material could be furnished the Ecuadoran Police through Bureau personnel already assigned to Ecuador.

Guatemala

For some time officials of the Guatemalan National Police and particularly Jorge Toriello, Civilian member of the Triumvirate in the Revolutionary Junta, negotiated with our Legal Attache and the Ambassador regarding arrangements for two police liaison agents to assist in the training program of the Guatemalan Police. b7C

The Ambassador on December 8, 1944, recommended the assignment of two such Agents to the State Department and the State Department approved such request.

Shortly after his arrival in Guatemala City, Police Liaison Agent [redacted] was requested to conduct a school. This school was inaugurated on April 16, 1945, and lasted until July 16. It was attended by seventy-six students, including the Director of the Guardia Civil and all the Assistant Directors. Another similar school was given by Agent [redacted] during the period between January 15, and April 15, 1946. The latter school was attended by eighty-two students.

At the opening and closing ceremonies of the schools at Guatemala, the Guatemalan officials were very effusive in expressing appreciation to th Bureau for having sent Agent [redacted] to Guatemala. Colonel Sandoval, Head of the Guatemalan police, sent a letter to the Director stating that the services of Agent [redacted] had been of great value and assistance to the Guatemalan police. b7C

During July and August of 1946, Police Liaison Agent [redacted] conducted a short course of training for four agents of the Guatemalan Judicial Police and ten agents from the Guardia Civil in the use of camera and photostat equipment. Colonel Victor M. Sandoval, Director General of the Guardia Civil, had requested that Agent [redacted] give the school in order that the Guatemalan Police would have personnel familiar with the use of cameras and photostat equipment. Sandoval was very grateful for the efforts of Agent [redacted] in conducting the school. (64-29833-213-115) b7C

Haiti

When Special Agent [redacted] was the SIS representative at Port-au-Prince, Haiti, he endeavored through contacts with President Lescot of Haiti to formulate plans for police training schools. President Lescot seemed to take no interest in this matter because of the attitude of Contran Rouzier and other police officials in Haiti. The President freely admitted that Rouzier's post was created for him as a political expedient so that he might be employed by the administration and that Rouzier was in no way qualified for police work. President Lescot requested Agent [redacted] to work officially with Lt. Jacques Etienne who was very cooperative toward the Bureau b

Later Special Agent [redacted] who acted as Civil Attache and Police Liaison Agent was decorated by the Haitian Government for his work as Liaison Officer with the Haitian Police. (64-29833-217-14)

The Civil Attache in Port-au-Prince, Haiti maintained close contact with personnel of the Garde d'Haiti, which functions as the Military and police force of that Republic. Lieutenant Jacques Etienne, Chief of the Criminal Research Bureau of this organization, requested the aid of the FBI Laboratory in the examination of certain handwriting specimens of three suspects in a case involving the forgery of two checks. The FBI Laboratory report, forwarded to the Civil Attache to be made available to Lieutenant Etienne, pointed out that the handwriting of suspect Willy Jean was identical with that appearing on the two forged checks, except for the signature which probably was traced. Upon receiving this evidence, Haitian police officials succeeded in obtaining a confession of guilt from Jean. Restitution for the full amount of the checks was made by subject's brother, Grevy Jean, Chief Magistrate of the Supreme Court of Haiti. (64-29833-217)

Honduras

During the early part of 1945, the Honduran National Police made inquiry concerning the possibility of having a Bureau Agent sent to Tegucigalpa

for the purpose of establishing an identification unit for the Honduran police. The request was sent through formal diplomatic channels and Agent [redacted] was selected for this assignment. He arrived in Tegucigalpa on April 5, 1945. After conferences with the head of the Honduran National Police and with President Tiburcio Carias Andino, Agent [redacted] assisted in the selection of two students who were to begin the study of fingerprints. Formal classes were started on April 15, 1945. Each day was divided into classroom instruction and actual practice in the classifying and taking of fingerprints. While instruction continued, work was completed on the necessary file cabinets and other furnishings for the identification unit. On May 18, 1945, the two students were believed to be sufficiently qualified to begin practical work and on that date a program was started whereby all persons arrested by the police in Tegucigalpa on felony charges were fingerprinted.

Shortly after July 1, 1945, three additional students entered this school to be trained by Agent [redacted] In addition to being instructed in the system of classification, they were also given training in the use of the iodine fuming cabinet, the process of dusting for latent fingerprints, and the use of the fingerprint camera.

On January 24, 1946, another identification office was opened in San Pedro Sula, second city of the Republic of Honduras. One of the employees from Tegucigalpa who had been trained by Agent [redacted] was placed in charge of the office in San Pedro Sula and was aided in getting it started by Agent [redacted] who remained in San Pedro Sula for about ten days.

The Honduran National Police intended to establish fingerprint offices in the capitals of all the departments of the country. The National Congress appropriated a sum sufficient for this purpose. In order to take care of this expansion, it was necessary to train sixteen more employees.

The officials of the Honduran police are very appreciative for the work which has been done by Agent [redacted] and General Reina, Director General, has already advised Mr. Hoover of the success of the efforts of Agent [redacted] (64-29833-218-121)

Mexico

Although there was no FBI Liaison Agent in Mexico as yet, a step in this direction was taken by the Bureau during the visit to the United States of General Ramon Jimenez Delgado, Chief of the Police of the Federal District of Mexico. After attending the International Association of Chiefs of Police Convention in Cleveland, Ohio, with Special Agent [redacted] Delgado was accompanied to New York and Washington, where he met Bureau officials and stated plainly that he wanted an FBI Representative in Mexico City to work with the police. Prior to Delgado's departure from Mexico for the United States, he consulted with our Civil Attache in Mexico, who advised the Bureau of the General's itinerary and plans, thus enabling us to facilitate his travel and receive him in Washington.

Following the visit to the Bureau of General Ramon Jimenez Delgado, Chief of the Mexico City Police Department, in a letter to the Director he requested an exchange of Police Liaison Agents between the Bureau and his department. The Bureau approved the acceptance of a representative of the Mexico City Police Department to attend the National Police Academy School beginning January 8, 1945, and an invitation was extended by the State Department through diplomatic channels.

General Jimenez requested the Bureau to send one of its "outstanding Agents to act as technical adviser." The Bureau did not deem it advisable to exchange representatives with Mexico at the time. However, a police training school was held at Mexico City by Special Agents [redacted] and [redacted] from June 2, 1947 to September 24, 1947 which school was received with much enthusiasm. Special Agent [redacted] remained in Mexico City as Police Liaison Agent subsequent to the completion of the training school. He is attached to the Office of the Legal Attache in that city. (64-29855-211)

b7C

Nicaragua

Special Agent [redacted] was sent to Managua, Nicaragua, in the early part of 1942 for the purpose of organizing a police school for law enforcement officials. This idea was not carried through, however, due chiefly to the fact that the President of Nicaragua stated that he did not want Agent [redacted] to conduct the school but to serve in an advisory capacity in the Police Department itself. [redacted]

b7C

As a matter of interest, it is noted that Agent [redacted] was the near victim of an assassin who fired a shot at him on the morning of June 13, 1942, shortly after Lt. Aguirre, Director of the Office of Naval Defense of Nicaragua, experienced a similar near-catastrophe a few days previously. At the suggestion of President Somoza of Nicaragua, Agent [redacted] went armed.

b7C

Although there was no course of instruction given Nicaraguan Police, it is believed that the results of such a school were otherwise obtained in that Agent [redacted] was afforded the utmost cooperation and assistance by Nicaraguan Government officials who showed the greatest respect for him and the Bureau on numerous occasions. (64-4233)

Special Agent [redacted] took over Special Agent [redacted] duties after the return of the latter to the United States. However, it was necessary to recall Special Agent [redacted] to the United States and discontinue the assignment because of the delicate internal situation prevailing in Nicaragua in January of 1944.

b7C

Panama

During the period between January 21, and May 4, 1946, Police Liaison Agent [redacted] conducted a training school for the detectives of the Panamanian National Secret Police. This school was attended by fifty-five detectives. The President of Panama, as well as United States Ambassador Hines, showed a lot of interest in the organization of the school and Agent [redacted] was praised highly for his work in connection with the training program. The Head of the National Secret Police made plans for a school to be conducted by Agent [redacted] on the other end of the Isthmus in Colon. These classes lasted until the latter part of July, 1946. b7C

President Jimenez personally expressed his thanks to Agent [redacted] and has told [redacted] that he considered that the Bureau rendered inestimable service to the government of Panama, in allowing Agent [redacted] to provide instruction for the local secret police.

Police Liaison Agent [redacted] left Panama in August, 1946 when the Office of the Legal Attache in the Embassy was closed. A number of letters were received from the Head of the Panamanian Secret Police, the Minister of Government and Ambassador Hines praising Agent [redacted] highly for the work which he had done with the Panamanian Police. He had been in Panama since August, 1945 and had conducted schools in Panama City and in Colon. (64-29853-223) b7C

Peru

Former Special Agent [redacted] proceeded to Lima, Peru, in January, 1942 for the purpose of conducting a course of instruction for officers of the intelligence section of the Peruvian Army. Preliminary arrangements were completed and the plans called for the school to begin on June 10, 1942 at 9:00 a.m. Two days before this school was to be instituted Agent [redacted] resigned from the Bureau. His action left only Special Agent [redacted] available in Lima to proceed with the course of lectures which [redacted] had prepared and studied for several months. It should be noted that Special Agent [redacted] had arrived in Lima only a few days prior to the time that the first lecture was scheduled to begin. He nevertheless proceeded to give some of the lectures and to have others of them read by one of the Peruvian instructors. b7C

The trainees attended a series of 138 hour lectures from June 19th to August 7th inclusive. Thirty-six hours out of this total were devoted to Bureau lectures. In attendance at the convention were ten members of the Investigative Division of the Peruvian Government, each of whom had served in this capacity from ten to seventeen years. All of these men were thoroughly investigated by and approved by the Peruvian Army for attendance. Those lectures not pertaining to subjects covered by the Bureau consisted of training by Peruvian Army officials. The subject covered by Agent [redacted] pertained primarily to sabotage, espionage, counterespionage, and Fifth Column activities. b1

Following this course of instruction a second school was instituted in August, 1942, and concluded on November 6, 1942. Special Agent [redacted] conducted a series of lectures, the topics of which were similar to those mentioned above. The effectiveness of his instruction is best illustrated by the benefits which were later derived in the form of a newly instituted intelligence unit of the Peruvian Army. The attendance of this latter school consisted of six Army lieutenants, seven Army captains, two aviation captains, three Naval captains, all between twenty-five and thirty-five years of age. One of the primary purposes of the course contemplated the sending of its participants to various strategic points in the country considered to be spots of possible danger in the event of a national emergency. However, it appeared that neither the air corps nor the navy would allow any of the former students at the school to conduct intelligence investigations. Almost half of the students who graduated from the first intelligence school resigned their positions. b7C

On March 26, 1943 Special Agent [redacted] was assigned as Police Liaison Officer attached to the Office of the Legal Attache. Although he maintained excellent contacts with the Police there and secured excellent cooperation, he delivered no lectures to the Police. It is of interest to note that at one time the United States Ambassador to Peru requested the Liaison Agent to secure from the Bureau an offer to train a Peruvian Police Official in Washington. It was the Ambassador's intention to strike a bargain with high Peruvian Police Officials by promising one of them training in the FBI in return for the expulsion of the head of Casa Bayer, a notorious German commerical firm. b

An outstanding example of the value of Police Liaison work in Latin America was in connection with the apprehension of the Nazi agent Erich Gimpel in December of 1944. Gimpel had formerly lived in Peru, had married there but was deported along with other Axis nationals, interned in the United States for a short time and returned to Germany. Following the apprehension of his associate, another German agent William Colepaugh, the Bureau was conducting a nation-wide search for Gimpel. The only identifying information available concerning him was his name and a description which was furnished by Colepaugh. When it was ascertained that Gimpel had previously resided in Peru our Legal Attache at Lima was immediately notified and within a few hours, through the cooperation of the Peruvian Police, Liaison Agent [redacted] had secured photographs of Gimpel, fingerprint cards, had interviewed his wife, and was en route to the United States by plane. b7C

During the last week in December, 1945, Ambassador William D. Pawley who was then in the United States came to the Bureau and personally requested that two Bureau agents be sent to Lima, Peru, to act as instructors and advisers to the Department of Investigations. Ambassador Pawley emphasized that he had a strong personal interest in this respect since he wished to demonstrate to the Peruvian police that he was anxious to assist

them in any way possible. Two agents, [redacted] and [redacted] b7C were selected and trained for this assignment and arrived in Lima around the first of April, 1946. Since their arrival they have been studying the setup of the Peruvian police with the wholehearted cooperation of the Minister of Government and Chief of Police. These Agents remained in Peru until our SIS Office was closed on March 7, 1947. During the course of their assignment they conducted schools for the Department Chiefs, a school for the sub-officials and a course in defensive tactics for a selected group of men from the Division of Investigation. At the request of the Peruvian Army they also gave a series of five conferences for members of the Intelligence Division of the Army. They also laid out a "Practical Pistol Course" and furnished a short course of instruction to a group of ten members of the Division of Investigation.

[redacted] and [redacted] received much favorable publicity in the b7C Peruvian newspapers and in the police magazines. Full credit was given to the Director and the Bureau for having sent them to Peru. Dr. Horacio Cespedes, Head of the Division of Investigation, wrote a personal letter to the Director, advising of the satisfactory manner in which the Agents had served in Peru and expressing his personal appreciation to the Director for having made their services available. (64-29833-225-133)

Paraguay

On December 2, 1944, United States Ambassador to Paraguay forwarded a dispatch to the State Department in which he indicated that he considered the assignment of a Police Liaison Agent to Paraguay advisable and stated further that he considered that the advantages to be obtained outweighed any possible objections which might be raised by the Brazilian Ambassador due to the presence in Paraguay of a Brazilian Police Mission. The Legal Attache in Asuncion had indicated that the importance of such an assignment to the Bureau could not be overemphasized and that both the Ambassador and the Chief of Police would be favorably impressed by the success of this work. The Chief of Police there was planning a post-graduate school to provide adequate training in technical police work to graduates of the existing police school and all police officers and members of the detective force would attend. The first job of the Police Liaison Agent would be to help plan the organization and curriculum of the new school.

The State Department was advised of the Bureau's approval of the assignment of a Police Liaison Agent to Paraguay pending the request from the Paraguayan Government and approval of the State Department. b

During September, October and part of November, 1946, Police Liaison Agent [redacted] conducted a series of classes for police officers of the Paraguayan National Police. At the same time, Agent [redacted] assisted the Identification Division of the Asuncion Capital Police Department in setting up an efficient identification section (64-29833-224)

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Urugay

In November, 1943, Superintendent [redacted] and Inspector [redacted] were sent to Montevideo, Uruguay, at the invitation of the latter government to assist in the reorganization of the police system there. Previously, Uruguayan Police Officials had approached our Legal Attache and the Ambassador with regard to a similar mission from the United States. However, the sending of such a mission was contingent upon furnishing the Uruguayan Police Department certain equipment.

b7C
b7D

[redacted] and [redacted] left Montevideo on November 1, 1944, to return to [redacted] having completed a year in Uruguay. Among personnel of the Police Department in Montevideo, there were rumors that these individuals had performed a dual mission, since they devoted very little time to the actual study of police problems. There was however no definite truth to these rumors. Upon completion of their mission, they submitted a report to the Chief of Police, Juan Carlos Gomez Folle, which was later printed in Spanish in the Police Bulletin. Practically the entire report was devoted to praise of the Montevideo Police Department and to pointing out the two factors which were found necessary for the Montevideo Police Department to reach a peak of efficiency, e.g., time, so that people could be educated to respect law and order, and money. According to Police officials, the classes were very unsatisfactory since neither of these individuals spoke Spanish and interpreters had to be used. They reported that these individuals had not accomplished anything and that they fell considerably short of expectations. [redacted] and [redacted] were very fond of drinking and enjoying themselves and spent their time in that manner. In general, their presence in Uruguay was regarded as a joke.

It is recalled that in 1943 our relations with the Montevideo Police Department were not very good. However, it was interesting to note that during the stay of [redacted] and [redacted] in Montevideo, the relations of our Legal Attache with police officials there improved tremendously.

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b7D

Venezuela

In January of 1944 Special Agent [redacted] was assigned as Liaison Officer with the Venezuelan National Police. His principal activity there consisted of advising that police organization and he became very closely associated with Dr. Jose Ramon Sanz-Febres, Director of the National Service of Security and Foreigners and with Dr. Manuel A. Pulido, Chief of the National Office of Investigations, who had been a guest of the Bureau in Washington.

b7C

b7C

Special Agent [redacted] worked closely with the Venezuelan police in organizing a curriculum and program for training officers of that organization. Dr. Sanz-Febres wrote the Bureau praising [redacted] work and requesting that his assignment in Caracas be extended indefinately. The Caracas newpapers featured articles outlining the accomplishments of the Bureau and described Agent [redacted] as an excellent example of the Agents of the FBI.

At the request of the National Police of Venezuela during 1945 Agent [redacted] conducted two classes a week at the National Police School before a group of 151 students, 51 of these students were being trained for work with the Department of Investigations and the remaining number were to become employees of the Venezuelan National Guard which was a uniformed police body. Although a Revolution in Venezuela occurred during the latter part of 1945, the new police officials were very friendly with Bureau representatives and appeared anxious to improve the efficiency of their organizations. (64-29833-228) b7C

Netherlands, West Indies

During the latter part of September, 1946, the Police of Willemstad, Curacao, N.W.I., made it possible for the Bureau to apprehend Antonio Navarro Fernandez, international swindler. Navarro was in Curacao when the police there were advised that the Bureau desired to apprehend him. The police arranged to have him deported and placed him on a plane for Miami, Florida where he was taken into custody. Mr. M.P. Gorsira, Inspector of Police at Willemstad, was primarily responsible for this action. A letter of appreciation was sent to him and an invitation was extended to him to attend a future session of the FBI National Academy. This invitation was accepted and Mr. Gorsira attended the Academy session which began on January 7, 1947. (1-4604)

Other Countries

Although no schools were given in the other Latin American countries where the Bureau had Police Liaison Representatives, the latter continued to work closely with the local police in matters of mutual interest. Despite many changes which took place in various countries among the police officials, Bureau representatives were able to make friends quickly with the incoming officers and were often called upon to furnish advise as to investigations, reorganization plans, etc.

Recapitulation

A review of the Bureau's Police Liaison Program reflected that 32 Agents were used in liaison capacities with the Police of 15 different Latin American countries. It is felt that the work of these Agents during six years contributed materially to the success of the SIS Program as a whole. Through their personal contacts with Latin American Police Officials the Liaison Agents greatly enhanced the prestige of the FBI and at the same time, because of their relations with the Police, they developed information of great value to the various Embassies and the Bureau. The many courses of instruction given by our Agents did much to improve police organizations in Latin America and to promote closer international police cooperation.

4. Proposed Police Conference, Buenos Aires, Argentina, May 27, 1942.

During the second meeting of the Ministers of Foreign Affairs of the American Republics, July, 1940, it was resolved to hold an American Conference to consider methods of maintaining the most complete and effective defense against unlawful acts affecting the institutions of the American states. (64-5008-1)

Plans were consummated for this conference to be held starting on May 27, 1942, at Buenos Aires, Argentina. The original plans drawn up by the State Department called for the Bureau to send a representative to the affair. The Bureau believed that Assistant Director Foxworth was the logical choice to represent the Bureau at this conference. (64-5008-14) However, the State Department expressed a policy of playing down the conference inasmuch as it was believed malapropos to exchange police data in any meeting in which the Argentines had membership especially in view of the fact that the conference was to be held at Buenos Aires. (64-5008-15, 16) The State Department named Carl Spaeth as the official representative of the United States to attend this conference, and suggested that an appropriate FBI man be commissioned to go along as an adviser and observer and "to keep quiet and merely report". In view of this situation it was not believed advisable by the Bureau to send a "lesser light" to the conference especially as it was to be played down. As the result, the Bureau withdrew completely from the affair and sent no representative at all to Buenos Aires. (64-5008-21)

During the proceedings, which took place in Buenos Aires between May 27, 1942, and June 9, 1942, there was proposed an Inter-American Police Union as a "permanent technical organization composed of police delegations of the contacting parties and which shall have an exclusively technical examination and have an exchange of police records as well as for research, compilation of statistics, and coordination of police regulations". The resolution further provided for the utilization of the Vucetich Fingerprint System as a basis for an Inter-American identification system and that fingerprints be transmitted by the parties to the agreement in conformity with the Inter-American system. This latter proposal was most objectionable to the Bureau inasmuch as the Henry System is most commonly utilized throughout the world and is being presently used by the Bureau. The Bureau's fingerprint files are, of course, by far the largest in the world.

In view of this information, the Bureau advised the State Department that it would not be represented in any Inter-American Police Union as such membership would serve no useful purpose. (64-5008-28)

After conversations with members of the Argentine delegation at the conference, the State Department concluded that the Argentines

would refuse to accept any resolution which would provide regulations of activities of Axis Nationals and Nationals of other non-American states. (64-5008-48)

5. Proposed Pan American Police Conference 1943.

During November, 1942, the Bureau considered plans for holding a four-day Pan American Police and Intelligence Conference to discuss collaboration and cooperation in international problems. There are set out hereinafter the results of a survey conducted by SIS Attaches in Latin America for the purpose of considering qualified delegates from the various countries for such a conference if held.

Some difficulty was anticipated in Argentina inasmuch as the Chief of the Capital Police, General Domingo Martinez, has been repeatedly reported as pro-Nazi. Therefore, the name of Inspector General Lorenzo Galatto of the Division of Investigaciones, Capital Police, was submitted inasmuch as he was believed to be pro-Allied in his sympathies and in a better position to cooperate more fully with the SIS program than any other member of the local police.

No recommendation was made by the Bureau's representative in Bolivia, inasmuch as a new Director General of Police was about to be appointed, and it was felt that the delegate should be a representative of the new police department.

Major Olyntho de Almeida Franca e SA was recommended as being best able to represent the Republic of Brazil. He enjoyed the confidence and trust of the Brazilian President, was in full control of his police organization in the State of Sao Paulo, was extremely pro-American, and had cooperated with the United States Government on all matters. It was also recommended by the SIS Attache that in the event Major Franca were invited, that Elpedio Reali, one of Franca's Chief Lieutenants and the investigator who broke the Christensen espionage case, also be extended an invitation to act as Aide to the Major.

Jorge Garreton, Director of General Investigaciones, Santiago, Chile, was recommended to be the delegate for that Republic. Although he had not openly cooperated with our Attache, it was believed that he knew some members of his Police Department were cooperating and had not interfered with them. He was very loyal to Chile and refrained from expressing pro-Allied or pro-Nazi sentiments.

As delegate from the Republic of Colombia, the Bureau's representative recommended Luis Hernandez Ruiz, Director of the Department of Investigation and Identification, a lawyer and Leftist.

Major Jorge Hernandez Mendez, Secretario de la Direccion General de la Policia y Primer Oficial de la Secretaria de Seguridad Publica, was highly recommended to represent the Republic of Costa Rica.

Our Attache in Havana, Cuba, recommended Captain Mariano Faget, Director of the Bureau of Investigation of Enemy Activities in that Republic. Faget was a member of the party of General Benitez, who had visited the Bureau and was a guest of the Director in November, 1942.

The Bureau's representative in the Dominican Republic suggested as a representative of that country either the Chief of Police, the Second in Command of the Police, or the Secretary of State for Interior and Police.

Our Attache at Quito, Ecuador, advised that Ignacio Davalos C., Director General de Seguridad, was the outstanding candidate from Ecuador for such a conference. Although Davalos was not prominent socially or politically, he was a trustworthy man, worked quietly and without fanfare, and had an excellent attitude toward the United States Government.

It was believed that the Republic of El Salvador would designate as its representative Colonel Rudesindo Monterrosa, although Major Francisco Marroquin would have been preferable from the Bureau's standpoint inasmuch as he had been much closer to our Attache and had a better working knowledge of intelligence matters.

The only Guatemalan official who could be highly recommended to attend the proposed conference was General Ordonez P., Director General of the Guatemalan National Police at Guatemala City. This individual was very close to the President of that country, had good command of the local police force, and had cooperated fairly well with the Bureau's representative in Guatemala.

Our representative in Haiti was of the opinion that no official in that country could satisfactorily be designated as a representative, Captain Mercerom, Chief of Police, was said to be totally inefficient and commanded no respect from our representative or from the men in his own Department. Lieutenant Jacques Etienne had been very cooperative and would probably make the best delegate but the local Government would undoubtedly not release him for such a conference. Gerard Lescot, son of the President, and Gontran Rouzier, Undersecretary of State, were considered but the records regarding their activities as contained in the Bureau files would prevent their further consideration.

Inasmuch as we had no representative in the Honduran Republic, it was not possible to secure information on this project.

Licenciado Jose Lelo Delarrea, Chief of the Department of Investigation of Gobernacion, was advanced as the individual that would best represent Mexico. He was the superior officer of Demetrio Fagoaga, who was a visitor of the Bureau and was both friendly and capable.

Nicaragua's foremost candidate for the project was Lieutenant Francisco-Aguirre, who was the aide-de-camp of the President and Chief of the Department of National Defense.

Inasmuch as the Bureau had no official representative in the Republic of Panama, no recommendations were received as to the availability or qualifications of an appropriate delegate.

It was recommended that Mario Ferrario, Secretary to the Minister of Interior and in charge of confidential matters, could best represent Paraguay at such a conference. He was one of the few officials in that country known to be pro-Allied, had volunteered information to the officials of our Embassy, is a nephew of President Higinio Morinigio, and had indicated a strong desire to attend such a conference.

Carlos Ramirez Nunez was chosen to represent Peru. He was the Inspector General of Police.

Our representative in Uruguay advised that because of the elections to be held on November 29, 1942, the Police Department would without doubt be completely revised and until the personnel was selected for high positions in that department, it would be impossible to make a recommendation.

Dr. Jose Ramon Sanz Febres, National Director of Security and Foreigners, Caracas, Venezuela, was named as the individual who could most capably represent that Republic in such a conference. He was a member of the Supreme Court of Venezuela, had appeared in public on numerous occasions as a speaker, was believed to be pro-Allied, and had cooperated completely with our Government to date.

In the majority of the countries canvassed in the project there arose the following problems:

1. Expenses of the delegates would probably have to be borne by the United States Government.

2. A common language would be most difficult for selection in view of the fact that the qualified delegates usually speak only their own native tongues; Spanish, Portuguese or French.

3. Jealousy on the part of the superior officers might force their selection over better qualified members.

4. Diplomatic procedure would necessitate having the invitations submitted through the State Department.

In view of the many obstacles arising and because of the many urgent and important matters confronting the Bureau, it was not possible to hold the conference at that time. (64-5008-96)

6. Pan American Congress of Criminology, Santiago, Chile, May, 1944.

The Emergency Advisory Committee for Political Defense of Montevideo, Uruguay, after the Inter-American Conference of Police and Judicial Authorities in Buenos Aires on May 27, 1942, prepared a proposal for the establishment of an Inter-American Police Union and for regular police conferences; this plan was submitted to the Pan American Union for submissions to the various governments of the Western Hemisphere for consideration as to adoption. This provision for police union and for Pan American convention was objectionalbe to the Bureau in several of its provisions. It provided for the use of the Vucetich fingerprint system as the basis for Inter-American exchange of fingerprints. The Vucetich system is not practical for a large fingerprint file, and it would be physically impossible for the Bureau to adapt itself to such a system. This plan also provided for the creation of an impractical Inter-American registry of police and judicial measures and for a central office. The Bureau made known their objections to this plan to the Attorney General and the State Department, and it has never been adopted by the countries of the Western Hemisphere.

The only development along the line of Pan American Conferences was the plan for the first Pan American Congress of Criminology which was held during the week of May 29, 1944, to June 3, 1944, at Santiago, Chile. Mr. Luis Sandoval Smart, Chief of the Police Technical Laboratory of the General Bureau of Investigation at Santiago, Chile, invited Director John Edgar Hoover to address this meeting. Under date of February 23, 1944, the Director advised Dr. Smart of his inability to speak before this meeting. Due to urgent matters confronting him the Director was unable to attend this Congress, but he exhibited his cooperation by having H.M.Clegg as an Administrative Assistant from the Seat of Government, Special Agent

William Shea, Police Liaison representative at Santiago, Chile, and Legal Attache John N. Speakes of Santiago in attendance.

The Congress opened in Santiago, Chile on the morning of May 29, 1944 and its final session was held during the afternoon of June 3, 1944. The purpose of the Congress was to unite more closely the law enforcement agencies of the Western Hemisphere and to effect practical benefits from the exchange of ideas. It is to be noted that the name given the Congress in the Spanish language is "Primer Congreso Panamericano de Criminalistica," for which there is no direct translation in the English language, but which might be translated as "First Pan American Congress of Criminalistic Science in Investigations." Previous similar congresses included in their title the word "Criminologia," which is translated into English as "Criminology." This distinction was made by the Executive Committee of the Congress in order to eliminate from consideration such matters as psychology and sociology as applied to crime. It was the intention of the organizers to stress the scientific investigation of the perpetrators of crime and to effect the incarceration of those guilty by the administration of justice and fairness.

The Congress was initiated by a group of Chilean representatives and the President of the group was Pedro Ortiz M., former Court Minister, Professor of penal rights and President of the Chilean society of Criminalistica. The General Secretary of the organizers was Dr. Luis Sandoval S., Professor of criminology and scientific police methods in the University of Chile and Chief of the Police Technical Laboratory. Both of these men were elected to the positions of President and General Secretary, respectively, once the Congress formally met. The outstanding member of the Committee and the individual who assumed the greatest responsibility in organizing the Congress and carrying it to a successful conclusion was Dr. Sandoval. There were also selected several Vice-Presidents of the Congress and Special Agent Heber M. Clegg of the FBI was named First Vice-President.

The following themes formed the basis for the discussions during the Congress: 1. Police functions; 2. Forms of cooperation of the law enforcement agencies of the Americas; 3. National and international offices of police information; 4. Connection of the judicial police with the criminal courts of justice; 5. Police schools; 6. Special courses or schools for penal justice; 7. Functions of investigative institutions; 8. Fusion or combination of technical police institutes with other affiliated organizations; 9. Cooperation among the medical and police institutes of the American Hemisphere; 10. Offices of criminal and civil identification.

Heber M. Clegg delivered the Director's message to the Congress, based on the theme "National and International Offices of Police Information." It was pointed out how the gangsters in the United States have been able to circumvent prosecution through their commission of crimes in one state and then fleeing the jurisdiction of that state through the utilization of modern transportation facilities. It was pointed out that with the

advent of international roads such as the Pan American Highway and the increased air traffic which will be in existence during the postwar period, there will likely be brought about a wave of international gangsterism, which threat must be met by cooperation of the various American law enforcement agencies. He also discussed the benefits which have been derived from the international fingerprint exchange maintained in Washington and how cooperation among the various American nations had resulted in bringing to a successful culmination several large interlinking espionage cases. On the final day of the Congress Mr. Clegg was called upon to represent the North American continent in thanking the Republic of Chile for the fine hospitality which had been rendered to the various delegates from North America. This session was held in the National Congress of Chile, with the President of the Republic and other high dignitaries present.

The invitations to attend the Congress were extended through the Chilean foreign office, thus making the Congress official in the eyes of the Chilean government. Sixteen countries were represented by delegates as follows:

Argentina	10
Bolivia	5
Brazil	2
Canada	1
Colombia	2
Cuba	2
Dominican Republic	2
Ecuador	5
Guatemala	1
United States	3
Venezuela	1
Paraguay-	2
Peru	3
Uruguay	5
Chile	48
Mexico	1
TOTAL	93

For the most part the delegates designated by the respective governments had been engaged exclusively in the law enforcement field. Among the delegates there were many who had written books on matters pertaining to crime or had accomplished some outstanding work in that field. Exceptions to the above were the delegates of Canada, Colombia, Mexico, Paraguay and the Dominican Republic, who were represented by their respective diplomatic officials assigned to Chile. These individuals took little part in the Congress.

The official languages of the Congress were designated as Spanish, English and Portuguese; however, the only language which was used at any of

these sessions was the Spanish language, with the exception of one talk made by a Brazilian diplomat, which was given in the Portuguese language.

The Congress named as honorary members several outstanding individuals who were not in attendance. Mr. John Edgar Hoover, Director of the Federal Bureau of Investigation, was the only individual from the United States given this honor and his name headed the list of the honorary members as published in the official records. A cable was transmitted to Mr. Hoover advising him that he had been made an honorary member in recognition of his work in the law enforcement field.

Several efforts were made by some of the delegates to have the Congress endorse resolutions which, if they had been passed, might have caused embarrassment to the United States government. Some members desired to recommend that the Vucetich fingerprint system be made the only fingerprint system in the Americas. This, of course, would be most unpractical for the United States as well as for some other countries, including Canada and Cuba. It should be noted that at no time during the plenary sessions or any other sessions was any vote actually ever taken, nor was any one delegate called upon to express his opinion or represent his country as being in favor of or against a given suggested recommendation.

At the conclusion of the Congress there was published a report in book form entitled, as translated "Acts, Deliberations and Works of the First Pan American Congress of Criminology." This book set forth the names of the delegates, honorary members and some of the speeches made during the sessions. Both speeches of the United States representatives were set forth in their entirety.

A very elaborate and extensive social program was prepared for the delegates. The American delegation was given the proper respect by all the delegates and the associates at all times. At the various social functions the American music was featured, which had obviously been arranged to please our delegates. In being seated at social functions, the United States delegation was always honored. A United States delegate was selected as First Vice-President and as such presided over the first plenary session. Upon those occasions where the flags of the various nations were displayed, the American flag was invariably placed immediately at the right of the Chilean flag.

From a purely scientific viewpoint in the law enforcement field, it is doubted that the United States representatives were able to secure much of value. However, they were given the opportunity to meet the law enforcement leaders in the various fields under favorable circumstances, and these contacts have already proved to be of great benefit. It was possible in informal conversations to dispel many unfavorable attitudes toward the American government and its law enforcement agencies. The message of the Director was printed either in whole or in part in the majority of the newspapers throughout Latin America. Many references have been made

thereto in law enforcement bulletins and periodicals published subsequent to the Congress. The Director was called upon to prepare an article on the Congress by the Pan American Union. Such an article was prepared and published in the English, Spanish and Portuguese editions of the periodical put out be the Pan American Union.

The Congress desired the second meeting of the group to be held at Washington, D. C. in 1946. Since no official invitation could be extended for such a gathering in Washington without the approval of the various United States governmental agencies which would be interested, it was not possible to effect such arrangements; therefore, it was decided that the Congress would meet in Mexico City with the Mexican government as host during the year 1946.

Complete details as to the First Pan American Congress can be located in Bureau file 64-28519.

7. Second National Mexican Police Congress
Guadalajara, Mexico, October 1-5, 1945.

The Second National Mexican Police Congress was held at Guadalajara, Mexico, during the period of October 1 and October 5, 1945. Invitations were extended by the Mexican police to the Chiefs of Police in towns along the Mexican border such as El Paso, San Diego, Phoenix and others. An invitation was also sent to the Director. Special Agent in Charge D. A. Bryce of the Oklahoma City Field Office attended as the Director's personal representative. The Civil Attache in Mexico City and two other members of his staff also represented the Bureau at the Congress. Although Bureau representatives took no active part in the proceedings, they were given positions of honor throughout the Congress. D. A. Bryce gave a firearms demonstration at a local rifle club and his exhibition was enthusiastically received. The Mexican delegates at the Congress expressed the opinion that the FBI delegation had contributed greatly to the success of the Congress by its presence in Guadalajara and that the Bureau representatives should be congratulated on the way they conducted themselves, particularly for the fact that at no time did any of the Americans give the impression they were interested in influencing the Congress relative to any matter.

8. IACP Convention, Miami Beach, Florida
December 10-12, 1945

Three Latin American delegations attended the Convention of the International Association of Chiefs of Police which was held at Miami Beach on December 10, 11, and 12, 1945. These groups were:

1. General Ramon Jimenez Delgado, Chief of Police, Mexico City and two of his aides, Captain Jorge Katthain and Attorney Julio Sanchez Vargas

2. General Emilio Baig Serra, Chief, Division of Political and Social Investigations, Ministry of Interior, Mexico, D. F. and three of his aides, Inspector Antonio Castillo Tamayo, Inspector Ramon Berumen Mejia and Carlos Zozaya Leval, Director of the University of Mexico newspaper "LA Batalla"

3. Colonel Jose Carreno Fiallo, Chief of Cuban National Police and three aides, Captain Francisco Morales Llanes, Chief of the Anti-Enemy Activity Section, Lieutenant Eduardo Alvarez Rueda and Lieutenant Eugenio Taillefer.

Spanish-speaking Special Agents were assigned to look after each group during its stay in Miami. They were given a cocktail party by the Director and were taken on tours of the Miami Field Office and other points of interest in Miami. All of them had an opportunity to meet and converse with the Director. Each of the groups personally informed Mr. Hoover that they had been especially pleased to cooperate with Bureau representatives in the past but that now, since they had made the acquaintance of Mr. Hoover, they are fired with an even greater desire to continue cooperating, if possible to an even higher degree.

During this Convention, the IACP was invited by General Jimenez Delgado of Mexico to hold its 1946 Convention in Mexico City. This invitation was accepted and plans were made by the Mexican Police and by the IACP for the 1946 Convention. According to the Civil Attache in Mexico City, the Mexican Police notified the heads of Police Departments in most of the other Latin American countries of the Convention and invitations were extended to them to attend. It is expected that the Convention will be held during October, 1946.

9. International Criminal Police Commission

The International Criminal Police Commission prior to World War II was made up of delegates from Police Departments from most of the European countries. Its headquarters was in Vienna, Austria, for a time but in 1940 the Nazi regime secured control of the organization, and its headquarters and files were moved to Berlin.

The Bureau at one time sent a representative to a convention of the Commission in 1937. This representative was Inspector Drane Lester. Inspector Lester pointed out that the organization had as its purpose the discussion and dissemination of up-to-date police methods, and in addition it kept the central file on criminals wanted by various countries. It was felt that the Bureau should join the organization, and with that in mind a request was made of Congress for an annual appropriation of $1500 to pay the Bureau's dues. Since 1938 this amount has been received by the Bureau from Congress but has never been used as the Bureau did not join because of the approach of hostilities in Europe.

In March and April, 1946, Lieutenant Colonel F. E. Louwage, Director General of the Belgium Security Police, wrote the Bureau and indicated that plans were afoot to reconstitute the Commission. Toward this end a convention was called for June 3, 1946, in Brussels, Belgium. Lieutenant Colonel Louwage was most anxious for a representative of the Bureau to attend the Commission. He indicated that the prestige which attendance by the Bureau would lend to the convention would be most helpful at the present time. He added that invitations were being sent to various countries asking that representatives be sent via diplomatic channels to various countries to attend the convention. However, the Bureau's invitation was not received until May 18, 1946, and Lieutenant Colonel Louwage was advised that this was too late to permit assignment of a Bureau representative to the convention. As a matter of fact, it was decided also that because of the uncertainty of the situation generally in Europe, and due to the fact that many of the Police Departments which might be represented at the convention were not sufficiently stabilized as yet the Bureau would be wise not to have representation.

The convention of June 3, 1946, took place without Bureau representation but at this convention, according to word received from our representative at Paris, France, the Director was named the Vice President of the International Criminal Police Commission.

C. COVERAGE OF INTERNATIONAL CONFERENCES

The Bureau was requested to participate in two international conferences attended by officials of the State Department. The first conference was the Fourth Inter-American Conference of Foreign Ministers held at Mexico City between February 25 and March 9, 1945. The other conference in which the Bureau participated and to which it contributed considerable information was the United Nations Conference on International Organization, held in San Francisco between April 25 and June 26, 1945.

1. Fourth Inter-American Conference of Foreign Ministers, Mexico City, Mexico, February 25th to March 9, 1945.

Several Bureau Agents, headed by Assistant to the Director E. A. Tamm, participated in the Mexico City Conference. The successful participati of the Bureau in this conference was greatly aided by the devotion of the personnel in the Office of the Civil Attache in Mexico City. The functions of the Bureau at this conference were divided into security and intelligence functions. The security squad handled the security of the American delegatio made a plant survey of the offices in which material used at the conference was produced, and assured the security of American delegation communications.

One of the principal problems at the Mexico City Conference was th action which the conference would take with respect to Argentina. The Bureau had made extensive contributions to a case which the State Department had prepared designed to show Argentine complicity with the Germans throughout the war. To the material furnished by the Bureau was added material receive

from other agencies by the State Department, and the Bureau reviewed the entire State Department's case against Argentina, making suggestions for the use of this material. The Bureau participated in sub-committee discussions of the action which would be taken against Argentina, and on numerous occasions, Bureau personnel supplied American State Department officials and delegates of other Latin American countries with details of the case against Argentina.

The final action taken by the American delegation on Argentina was dictated more by a fear of Russia than by a desire to see justice done in Argentina, and in the last days of the conference, a resolution, approved by President Roosevelt, was introduced and passed by the conference resolving that Argentina should be permitted, if she complied with certain requirements, to adhere to all the acts of the conference. The requirements were that she should declare war on Germany and Japan (in effect), and sign the United Nations Charter. Argentina gave a token compliance of these requirements and within three weeks of the end of the Mexico City Conference, had declared war on Germany and Japan, signed the Charter of the United Nations, and adhered to the articles of the Fourth Inter-American Conference of Foreign Ministers.

In spite of Argentina's internal condition and external attitude, the State Department managed, over bitter Russian opposition, to secure an invitation for the Argentine government to attend the United Nations Organization Conference at San Frsncisco.

2. United Nations Conference on International Organization, San Francisco, California, April 25th to June 26, 1945.

This Conference began on April 25, 1945, with 51 nations participating. A staff from the Bureau attended this conference, on the request of the State Department. This group was headed by Assistant to the Director E. A. Tamm and Assistant Director Stanley Tracy. The functions of the Bureau personnel were again divided into an intelligence squad and a security squad. Security precautions taken were elaborate and highly successful in that the entire delegation and all communications of the American delegation went through the conference without any untoward incident.

The intelligence squad was recruited from qualified SIS Agents from all over South America and the former Legal Attache in London. In addition, the San Francisco office provided phenomenal coverage of Communist matters as they affected the business of the conference. The outstanding work done in the field of Communism and its relation to the conference was in the information furnished on the World Federation of Trade Unions and the structure and activities of the Communist organizations throughout Latin America.

b7C

In addition to the coverage of Communist matters, Special Agent [redacted] of the Bureau provided constant background and current information on foreign language minority groups agitating at the conference. These groups were, particularly, the Poles, the Italians, the Czechs, the Koreans, and the

Armenians, as well as ultra-nationalist groups in the United States and the Indian Congress Movement.

Through informants sent to the conference by enterprising Legal Attaches or developed after their arrival in San Francisco, adequate coverage of most of the delegations of South America was secured. Particularly good coverage was had of the Mexican and Central American delegations, with a certain amount of emphasis on the efforts of the Russian delegation to disrupt American unity, using the Mexican delegation to the conference as a lever.

The Bureau received letters of commendation from the State Department after each Conference.

3. Foreign Minister's Conference, London, England, 1945.

Another special assignment in Europe was that of Special Agent [redacted] who furnished a security detail to former Secretary of State Edward Stettinius, Jr. at London, England. [redacted] departed from the United States on August 26, 1945 with Mr. Stettinius to attend the Interim Conference of the Big Five Foreign Ministers at London. b

4. Foreign Minister's Conference, Moscow, Russia, 1947.

While selecting the American Delegation to attend the Conference of Foreign Ministers to be held in Moscow, Russia during March and April, 1947, the Secretary of State requested the Bureau to send along a representative who could make security checks of the rooms and other locations to be used by members of the Delegation. Special Agent [redacted] b7C of the Bureau Laboratory was designated for this assignment. He departed from Washington on February 26 and returned on April 29, 1947.

D. MONOGRAPHS

Prior to Fiscal Year 1944-45 monographs were compiled by the various SIS Supervisors in additimn to their regular supervisory work. This many times caused a lag in the compilation of monographs due to pressure of work. At the same time, by reason of the fact that many different individuals were working on the monographs, they were not as uniformly prepared as was desired. During Fiscal Year 1944-45 a monograph unit was established at the Seat of Government and four supervisors were assigned to work exclusively on preparing monographs. This method assurred rapid compilation of monograph material in systematic form. The Monograph Unit continued to operate until the Bureau withdrew from the foreign intelligence field.

Below are listed the Monographs prepared by the SIS Section. Copies are in the Bureau Library. When deemed appropriate, copies of monographs were made available to other interested government agencies and officials, including the Army, Navy, State Department, Treasury,

The President, The Attorney General, Coordinator of Inter-American Affairs, etc:

Bolivia
Ecuador
Uruguay
Honduras
Mexico
Nicaragua
Paraguay
Peru
Colombia
Brazil
Venezuela
Chile
El Salvador
Argentina
Cuba
Costa Rica
Guatemala
Dominican Republic
The German Auslands Organization in Peru
Clandestine Radio Stations Utilized by the German Espionage System
U. S. Dependency on South America
Axis Aspirations Through South America
The Free French Movement in Latin America
Spanish Falange in Western Hemisphere
Current Revolutionary Movement in South America
The Communist Movement in Latin America
Communism in Cuba
The Police of Latin America
Japanese in Latin America
History of Communism in Mexico
German Espionage in Latin America
Philippine Situation
Communist Infiltration of Labor in Mexico
Communist Infiltration of Labor in Central America

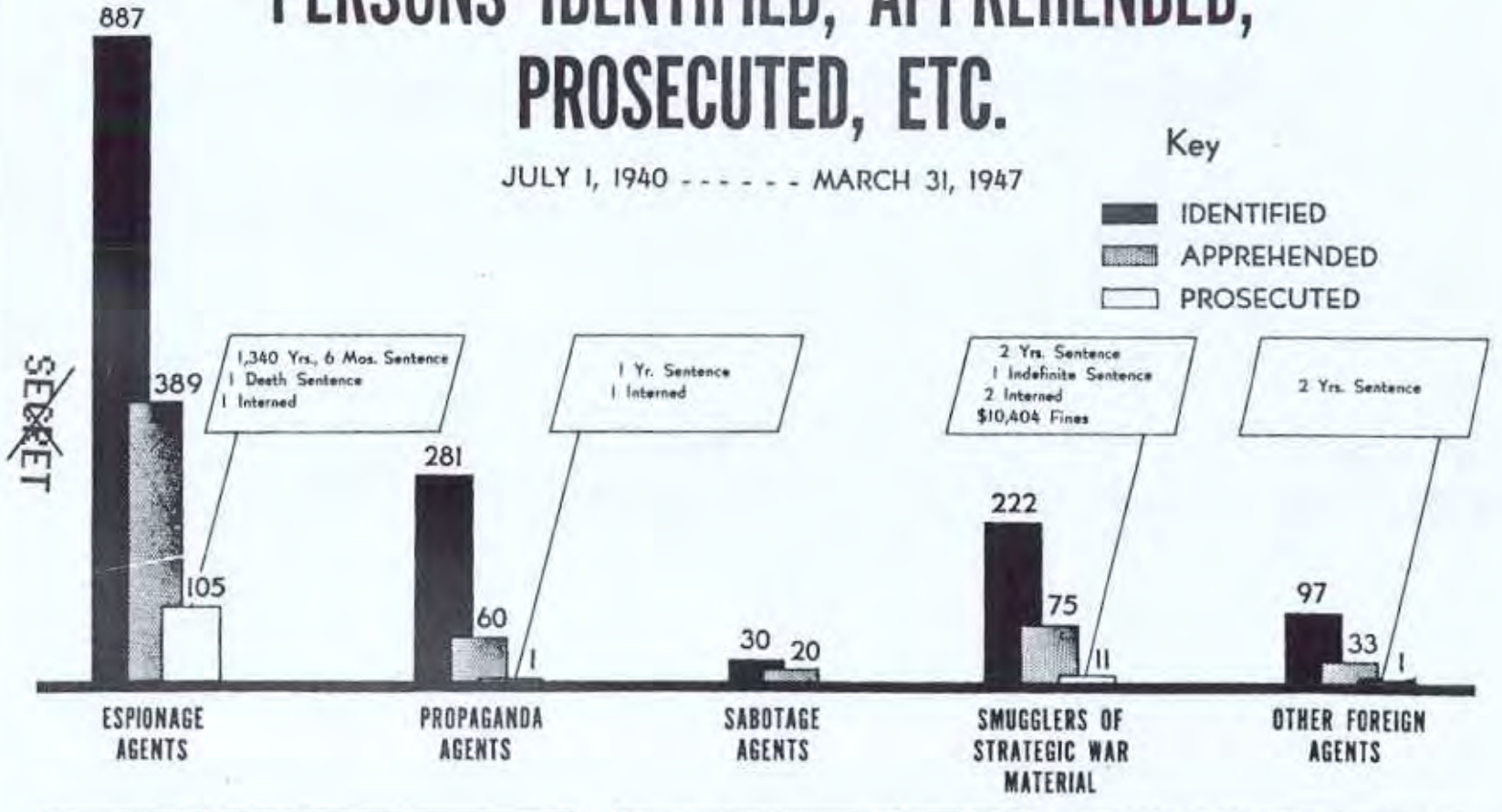
E. COMPLETE SIS STATISTICS

The following three pages are charts which represent a compilation of complete statistics concerning the Bureau's SIS program. The complete statistics are made up from the Bureau's accomplishments in the various Latin American countries which accomplishments are dealt with in this history of SIS Operations in the sections pertaining to the individual countries.

SIS STATISTICS

PERSONS IDENTIFIED, APPREHENDED, PROSECUTED, ETC.

JULY 1, 1940 - - - - - - MARCH 31, 1947



Apprehensions, Convictions, Sentences, of Other Persons Under Laws of Local Country	91 apprehensions 35 convictions 30 yrs., 1 mo. sentence 1 interned $700 fine

Aliens Moved from Strategic Areas	7,064
Aliens Interned or Relegated Locally	2,172
Aliens Deported or Expelled	5,893
Natives Interned or Relegated Locally	80
United States Fugitives Located	271

Firms or Persons Placed on List of Blocked Nationals	1,545
Investigations Conducted at the Request of the U. S. Government Agencies	1,700
Investigations Conducted for other than U. S. Government Agencies	20

FBI

SECRET

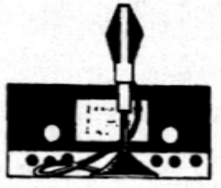
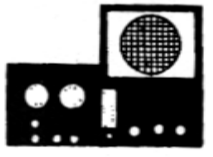
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SIS STATISTICS

RADIO STATIONS LOCATED AND RADIO EQUIPMENT CONFISCATED

JULY 1, 1940 MARCH 31, 1947

CLANDESTINE RADIO STATIONS LOCATED	24 	
CLANDESTINE RADIO TRANSMITTERS CONFISCATED	30 	$7,155.00*
CLANDESTINE RADIO TUBES CONFISCATED	12 	$200.00
CLANDESTINE RADIO RECEIVING SETS CONFISCATED	18 	$2,818.00

*NOTE: DOES NOT INCLUDE VALUE OF ONE TRANSMITTER RECOVERED DURING THE 1945 FISCAL YEAR.

SECRET

SIS STATISTICS

MATERIAL RECOVERED OR CONFISCATED

CURRENCY	*$265,154.00*
BONDS	*3,000.00*
PRECIOUS STONES & DIAMONDS	*37,188.00*
PLATINUM & INDUSTRIAL DIAMONDS	*290,497.00*
SILVER	*2,300.00*
MERCURY	*347,000.00*
METAL DRILLS	*5,000.00*
RUBBER	*27,959.00*
TARPAULINS	*1,000.00*
CAMERAS & PHOTOGRAPHIC EQUIPMENT	*10,200.00*
PHARMACEUTICAL GOODS	*100,000.00*
INSULIN	*1,800.00*
SULFATHIAZOLE	*1,800.00*
NICOTINIC ACID	*1,300.00*
METHANE	*474.00*
ACETYLENE	*140.00*
SHELLAC	*12,500.00*
TAGUA BUTTONS	*3,092.00*
AUTOMOBILES	*34,600.00*
BUILDING	*1,153.00*
CONCEALED MISCELLANEOUS PROPERTY OF BLACK-LISTED FIRMS	*12,000.00*
MISCELLANEOUS	*$33,030.00*

TOTAL $1,511,241.00

DIPLOMATIC CODES	
CODE BOOKS	
PAGES OF CODE	241
COTTON BALLS FOR SECRET INK	6
PAPER CLIPS FOR SECRET INK	8
MICROFILMS OF CODE, INSTRUCTIONS, BLUE PRINTS ETC.	9
MISCELLANEOUS MICROPHOTOS	30
PASSPORT	1

MAPS AND ILLUSTRATIONS

Localities of SIS Coverage in South America	Preface
Localities of SIS Coverage in Mexico, Central America and the Caribbean Area	Preface
Peak SIS Coverage in Foreign Countries, October, 1943	140-A
Number of Special Agents & Special Employees on Assignment, 1941	142-A
Number of Special Agents & Special Employees on Assignment, 1942	149-A
Number of Special Agents & Special Employees on Assignment, 1943	153-A
Number of Special Agents & Special Employees on Assignment, 1944	163-A
Number of Special Agents & Special Employees on Assignment, 1945	166-A
Number of Special Agents & Special Employees on Assignment, 1946	169-A
Number of Special Agents & Special Employees on Assignment, 1947	170-A
Maximum Coverage by Special Agents and Special Employees on SIS Assignments 1941-1947	
SIS Statistics	
Persons Identified, Apprehended, Prosecuted, etc	225
Radio Stations Located and Radio Equipment Confiscated	226
Material Recovered or Confiscated	227
HDZ Case	231
Buenos Aires, Argentina, Center of Smuggling to Axis	233
EFE Case	235
Graf Spee Survivors in Argentina	238
Early Abwehr Espionage in Argentina	242
Japanese Intelligence Service in Argentina	245
The Japsa Espionage Case	249
Italian Fascist Activities in Argentina	261
Location of Agents Who Supplied Information to Secret Axis Radios in Brazil	289
CBL Clandestine Radio Ring in Brazil	291
CIT Clandestine Radio Ring in Brazil	293
LIR Clandestine Radio Ring in Brazil	295
LFS Clandestine Radio Ring in Brazil	297
HTT Clandestine Radio Ring in Brazil	298
JOH Clandestine Radio Ring in Brazil	300
German Espionage Organization in Chile	324
PYL German Clandestine Radio Network in Valparaiso, Chile	327
German Espionage Communication Channels Involving Chile	331
Foreign Organization of the German National Socialist Workers Party in Cuba	
Collaboration Between German, Spanish, Japanese, Italian and Ukranian Organizations in Cuba	377-A
Japanese Espionage and Propaganda in Cuba	380

Maps and Illustrations, Cont'd.

Spanish Falange Organization in Cuba	382-A
Identification Button of the Popular Socialist Party, The Communist Party Organization in Cuba	384
Communist Front Organizations in Cuba	385-A
Foreign Missions of the Soviet Union in The United States and Latin America	470
GermanMicrodot Apparatus	477
Confederacion de Trabajadores de America Latina (CTAL) - Affiliates in Latin American Republics	486
Latin American Committee For Free Germans	488
Nazi Menace in Paraguay	526
Auslandsorganization in Peru	543
Nazi Organization in Uruguay	573
German Activities in Venequela	589

1940-46


TRINIDAD
VENEZUELA
COLOMBIA
BR. GUIANA
NETH. GUIANA
FR. GUIANA
ECUADOR
PERU
BRAZIL
BOLIVIA
PARAGUAY
CHILE
ARGENTINA
URUGUAY
Localities of SIS Coverage in South America

SECRET

Localities of SIS Coverage in Mexico, Central America and the Caribbean Area

SECRET

PEAK SIS COVERAGE - OCTOBER 1943

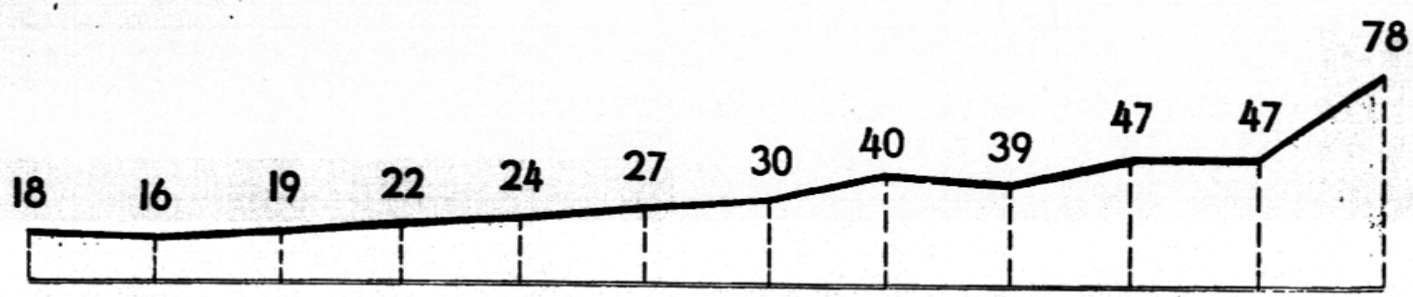


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142 - 1

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1941



MONTHLY VARIATIONS

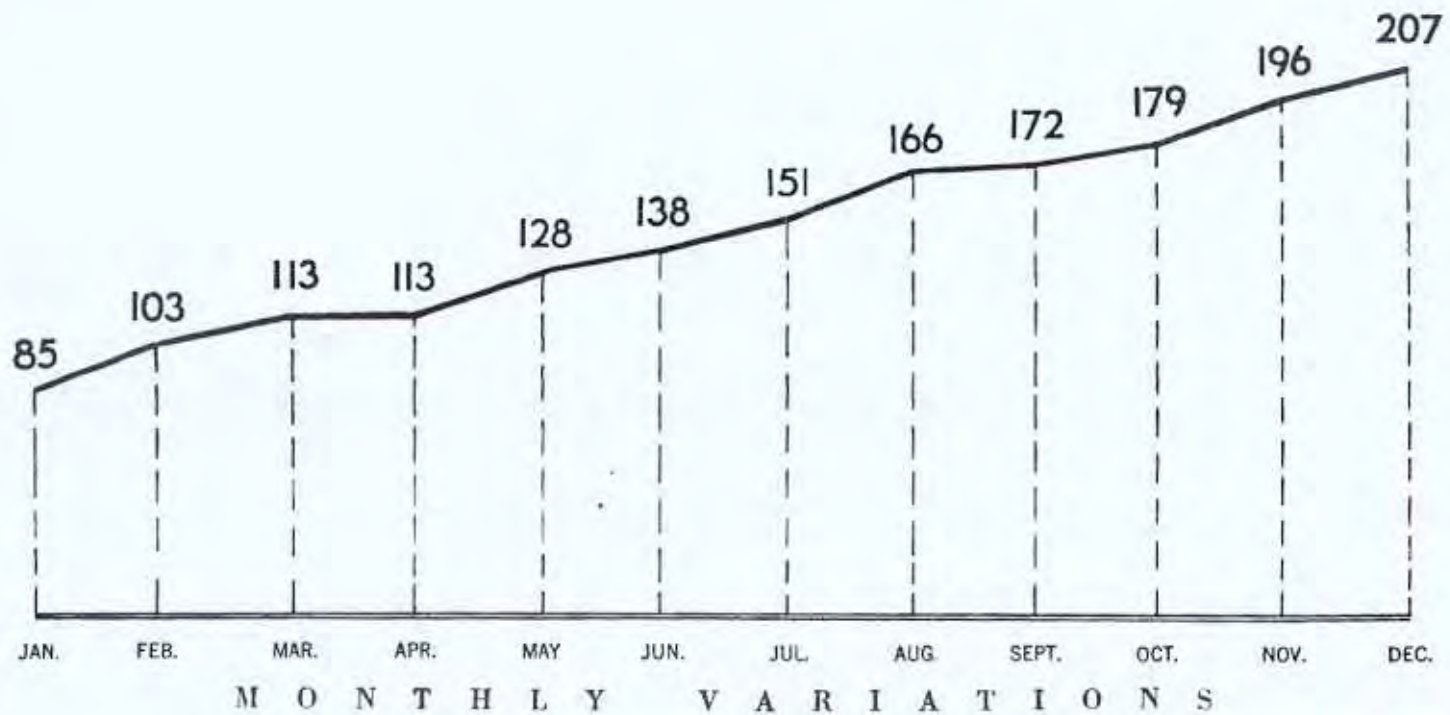
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149 - A

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1942



SECRET

SECRET

153

SECRET

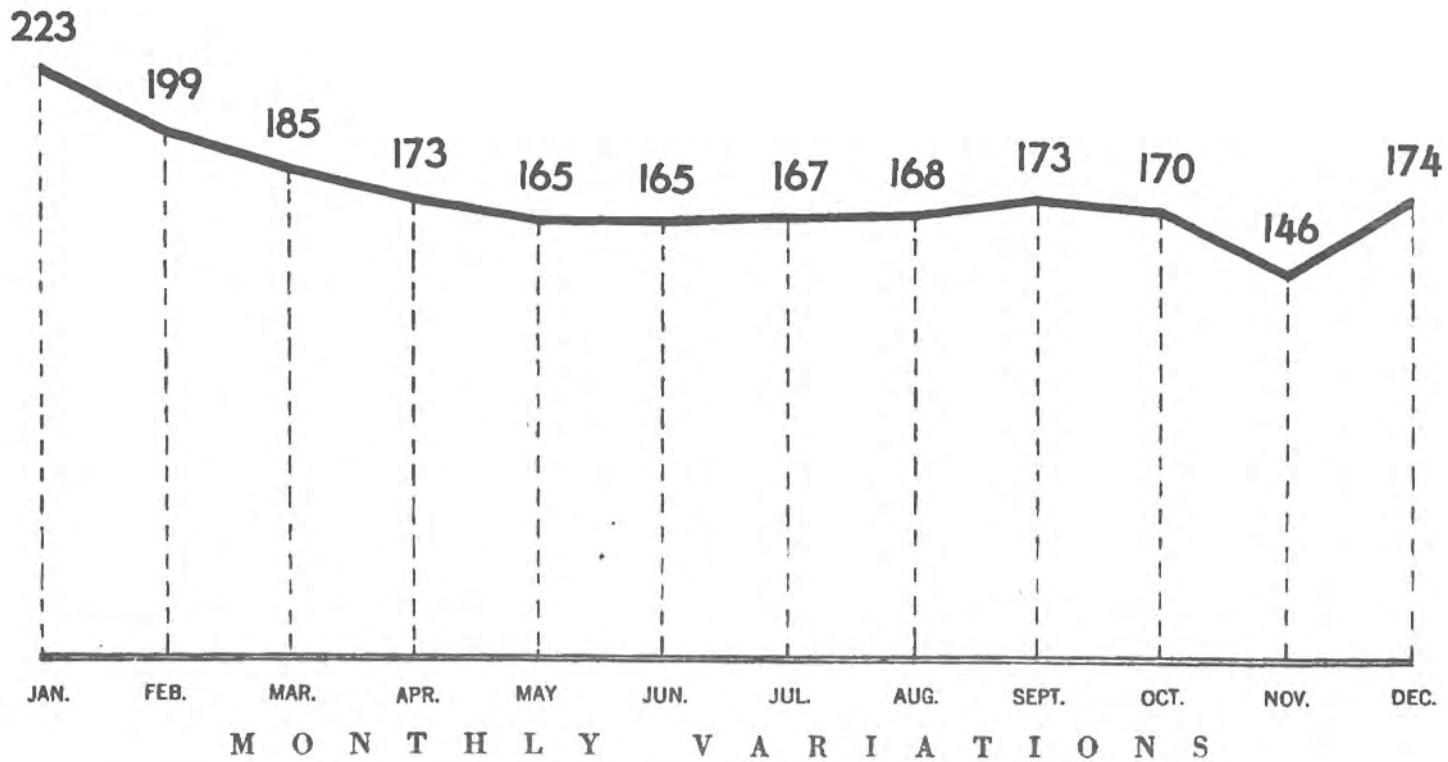
NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

SECRET

163 - A

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1944



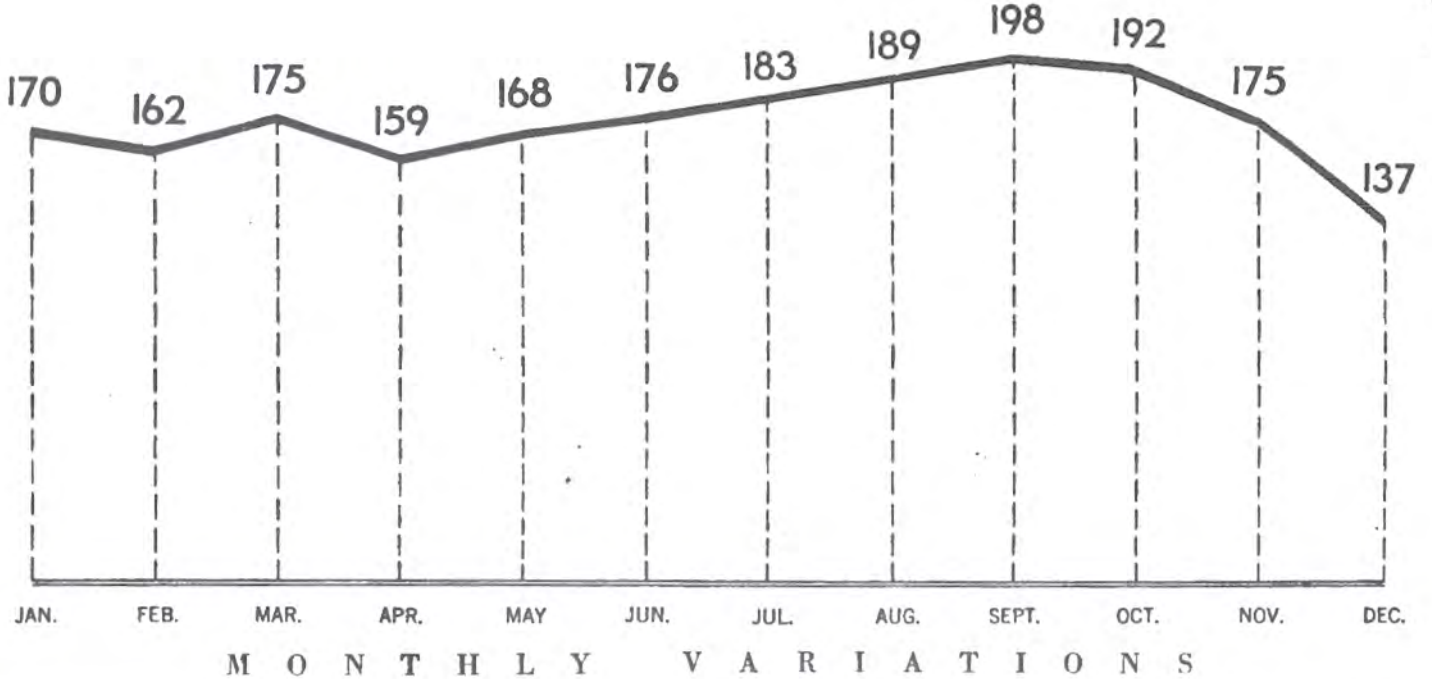
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166 - A

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1945



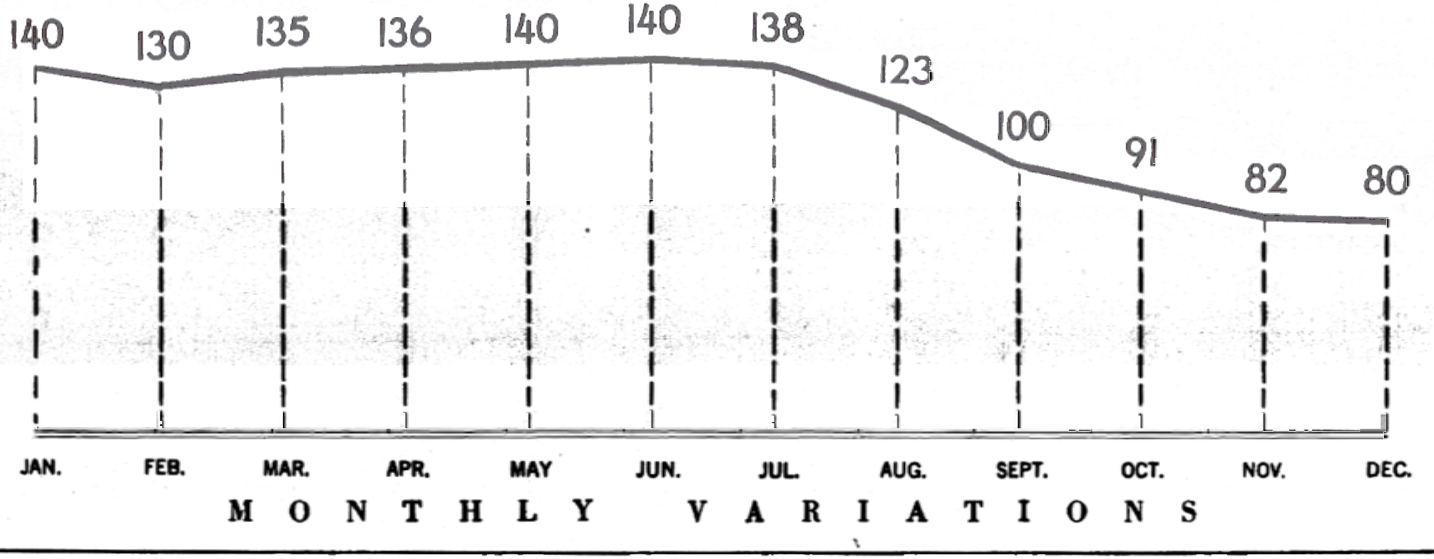
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NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1946



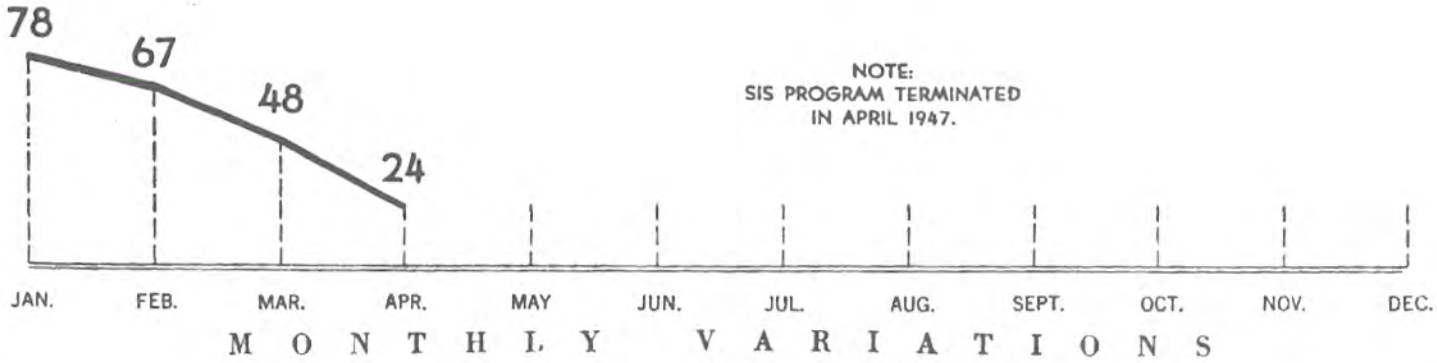
MONTHLY VARIATIONS

SECRET

170 - X

NUMBER OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS FOR THE YEAR

1947

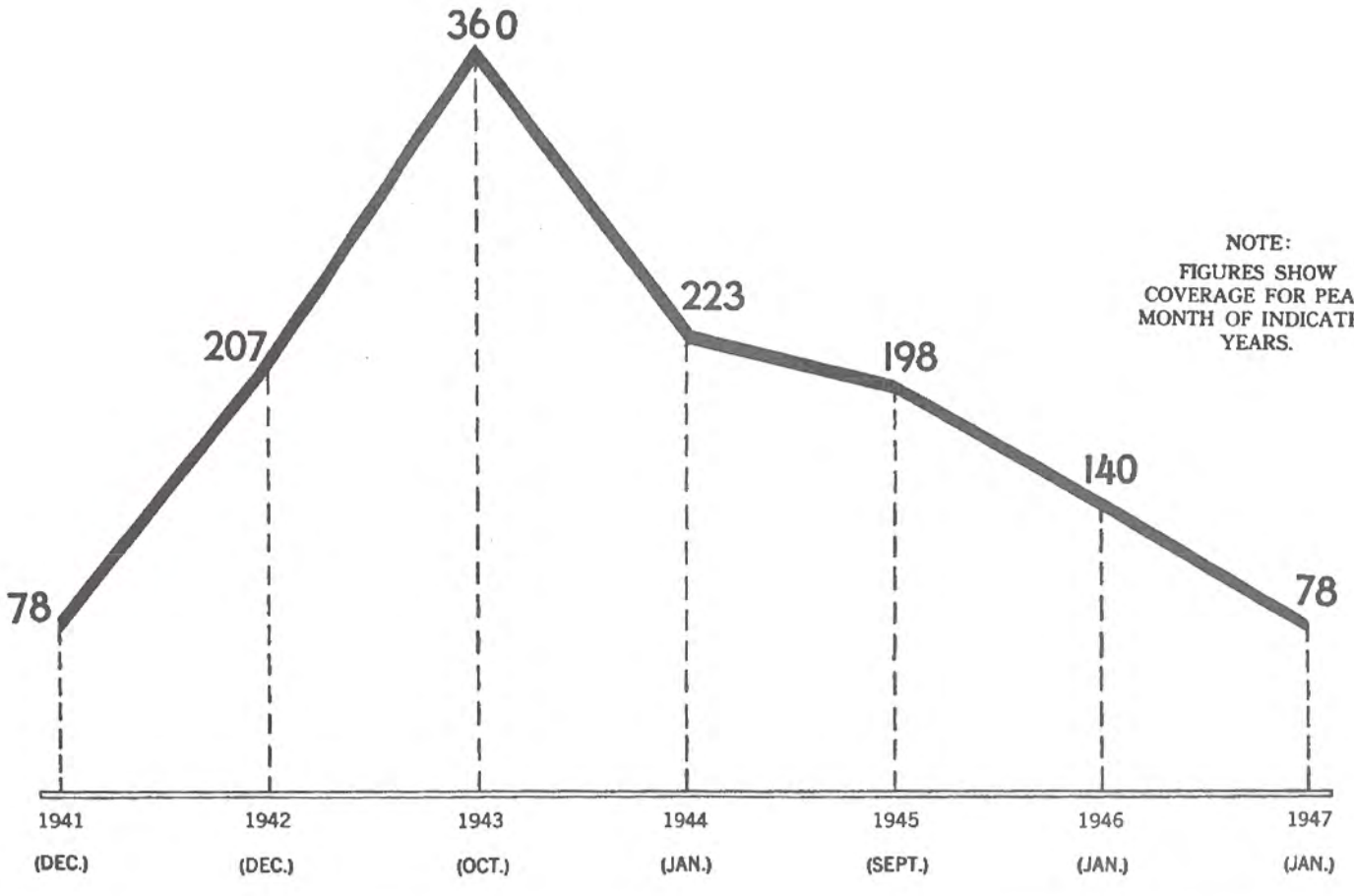


MONTHLY VARIATIONS

SECRET

MAXIMUM COVERAGE BY SPECIAL AGENTS AND SPECIAL EMPLOYEES ON SIS ASSIGNMENTS

1941-1947



NOTE:
FIGURES SHOW COVERAGE FOR PEAK MONTH OF INDICATED YEARS.

SECRET

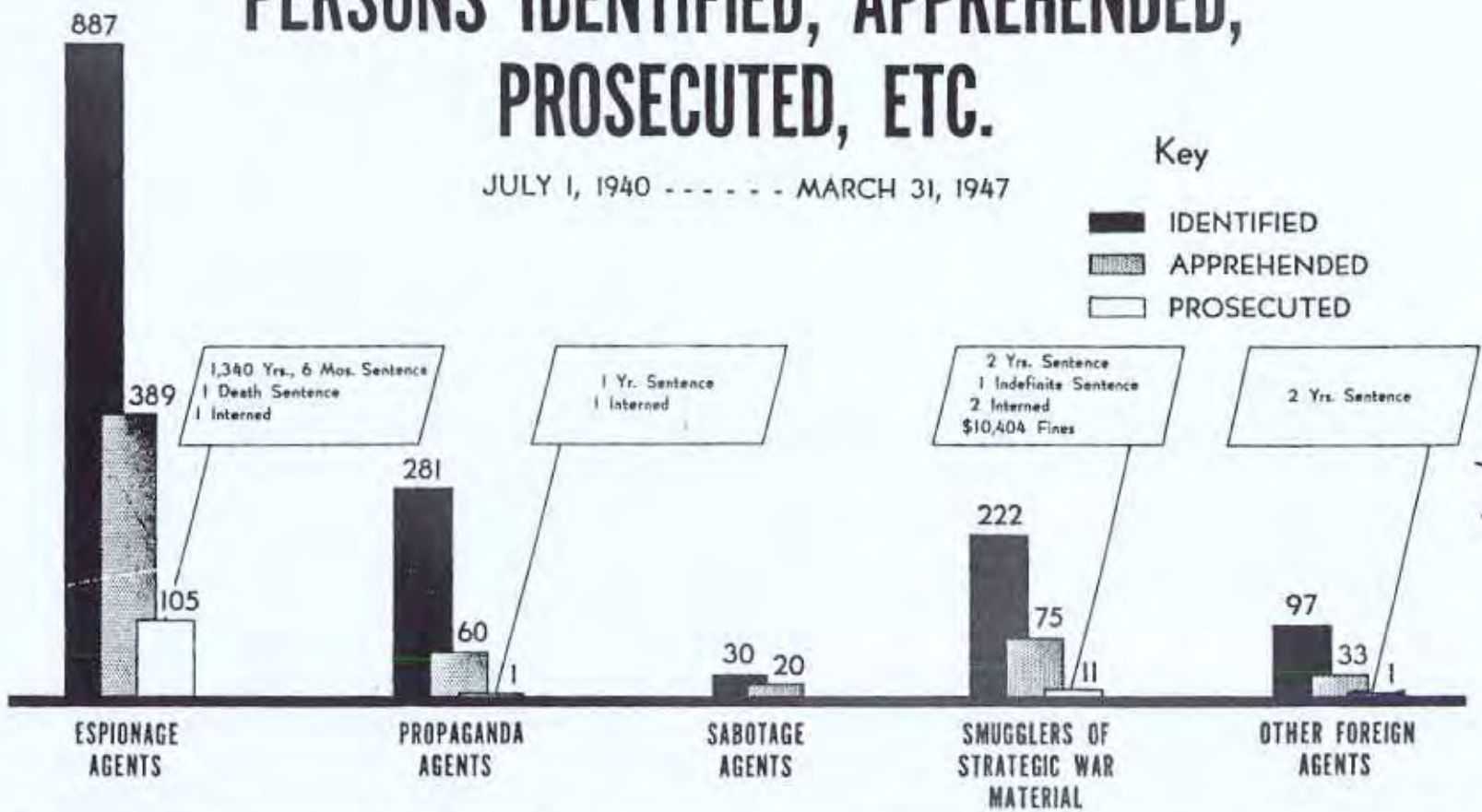
SECRET
112

SECRET

SIS STATISTICS

PERSONS IDENTIFIED, APPREHENDED, PROSECUTED, ETC.

JULY 1, 1940 - - - - - - MARCH 31, 1947



Apprehensions, Convictions, Sentences, of Other Persons Under Laws of Local Country	91 apprehensions 35 convictions 30 yrs., 1 mo. sentence 1 interned $700 fine

Aliens Moved from Strategic Areas	7,064
Aliens Interned or Relegated Locally	2,172
Aliens Deported or Expelled	5,893
Natives Interned or Relegated Locally	80
United States Fugitives Located	271

Firms or Persons Placed on List of Blocked Nationals	1,545
Investigations Conducted at the Request of the U. S. Government Agencies	1,700
Investigations Conducted for other than U. S. Government Agencies	20

FBI

SECRET

SECRET

226

SIS STATISTICS

RADIO STATIONS LOCATED AND RADIO EQUIPMENT CONFISCATED

JULY 1, 1940 MARCH 31, 1947

CLANDESTINE RADIO STATIONS LOCATED	24	
CLANDESTINE RADIO TRANSMITTERS CONFISCATED	30	$7,155.00*
CLANDESTINE RADIO TUBES CONFISCATED	12	$200.00
CLANDESTINE RADIO RECEIVING SETS CONFISCATED	18	$2,818.00

*NOTE: DOES NOT INCLUDE VALUE OF ONE TRANSMITTER RECOVERED DURING THE 1945 FISCAL YEAR

SECRET

SIS STATISTICS

MATERIAL RECOVERED OR CONFISCATED

CURRENCY	*$265,154.00*
BONDS	*3,000.00*
PRECIOUS STONES & DIAMONDS	*37,188.00*
PLATINUM & INDUSTRIAL DIAMONDS	*290,497.00*
SILVER	*2,300.00*
MERCURY	*347,000.00*
METAL DRILLS	*5,000.00*
RUBBER	*27,959.00*
TARPAULINS	*1,000.00*
CAMERAS & PHOTOGRAPHIC EQUIPMENT	*10,200.00*
PHARMACEUTICAL GOODS	*100,000.00*
INSULIN	*1,800.00*
SULFATHIAZOLE	*1,800.00*
NICOTINIC ACID	*1,300.00*
METHANE	*474.00*
ACETYLENE	*140.00*
SHELLAC	*12,500.00*
TAGUA BUTTONS	*3,092.00*
AUTOMOBILES	*34,600.00*
BUILDING	*1,153.00*
CONCEALED MISCELLANEOUS PROPERTY OF BLACK-LISTED FIRMS	*12,000.00*
MISCELLANEOUS	[illegible]

TOTAL $1,511,241.00

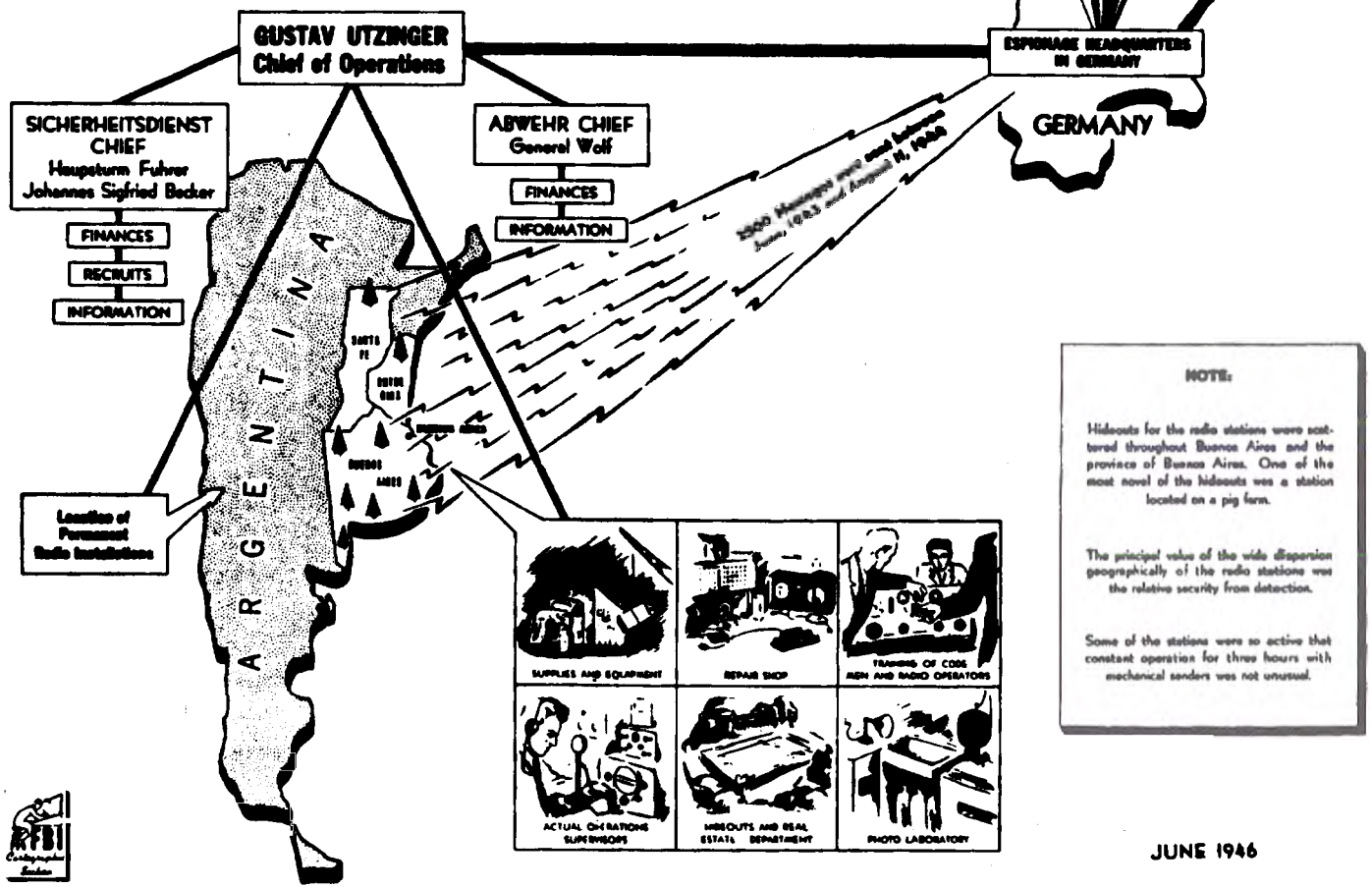
DIPLOMATIC CODES	1
CODE BOOKS	3
PAGES OF CODE	241
COTTON BALLS FOR SECRET INK	6
PAPER CLIPS FOR SECRET INK	8
MICROFILMS OF CODE, INSTRUCTIONS, BLUE PRINTS ETC.	9
MISCELLANEOUS MICROPHOTOS	30
PASSPORT	1

SECRET

231

HDZ Case

TWO WAY COMMUNICATION BETWEEN GERMANY AND ARGENTINA BY CLANDESTINE SHORT WAVE RADIO



NOTE:

Hideouts for the radio stations were scattered throughout Buenos Aires and the province of Buenos Aires. One of the most novel of the hideouts was a station located on a pig farm.

The principal value of the wide dispersion geographically of the radio stations was the relative security from detection.

Some of the stations were so active that constant operation for three hours with mechanical senders was not unusual.

JUNE 1946

REPUBLIC OF ARGENTINA

BUENOS AIRES

Center For Smuggling to the Axis

One of the main embarkation ports for the smuggling of strategic materials from the Western Hemisphere to the Axis was Buenos Aires, Argentina. The volume of this traffic has not been established, but reports indicated that all neutral shipping lines were being utilized to transport smuggled material which emanated from or passed through practically every other country in the hemisphere.

JUNE 1943

SECRET

SECRET

235

SECRET

E.F.E. Case

ESPIONAGE HEADQUARTERS
GERMANY

GERMAN ESPIONAGE HEADQUARTERS
SPAIN

BUENOS AIRES ARGENTINA

ABWEHR CHIEF	SICHERHEITSDIENST CHIEF
Gen. Frederich Wolf	Johannes Becker

PRINCIPAL CONTACTS WITH COURIERS

1. E. J. F. LANGER
 (EXPERT SMUGGLER OF STRATEGIC MATERIALS EXPEDITER OF GRAF SPEE PERSONNEL)
2. JOSE VALLES
 (CLERK IN SPANISH CONSULATE)
3. JOSE MELLA
 (MANAGER FOR BRANCH OF SIEMENS SCHUCKERT IN BUENOS AIRES)
4. RAMON R. CASTILLO
 (PLAIN CLOTHES DETECTIVE OF ARGENTINE MARITIME POLICE)

DETAILS OF E. F. E. CASE

Exclusively a method of two way communication between Europe and South America. Through these channels came a flow of drugs for financing the organization, agents for enlarging it and some instructions.

MATERIALS SHIPPED WERE

Large quantities of microphotographs of classified intelligence material.

Innumerable microphotographs of encoded intelligence from either the espionage organizations or the diplomatic mission in Buenos Aires.

Administrative correspondence

Graf Spee personnel. (Largely prior to January, 1943.)

Platinum, concentrates, quartz crystals, mica and industrial diamonds.

PRINCIPAL CONTACTS WITH COURIERS

5. W. SEIDLITZ
1. E. J. F. LANGER
6. J. PRIETO
7. N. QUINTANA

SOUTH AMERICA

BUENOS AIRES

SPAIN

SOME 30 ACTUAL COURIERS HAVE BEEN IDENTIFIED ALMOST ALL STANDARD

JUNE 1946

FBI

REPUBLIC OF ARGENTINA

GRAF SPEE SURVIVORS

FROM THE GERMAN POCKET BATTLESHIP SCUTTLED BY ITS CREW ON DECEMBER 17, 1939

The crew, numbering 1046 officers and men, was interned in the places listed below.

Due to escapes and 2 deaths, the total at the end of July, 1942 was reduced to 915

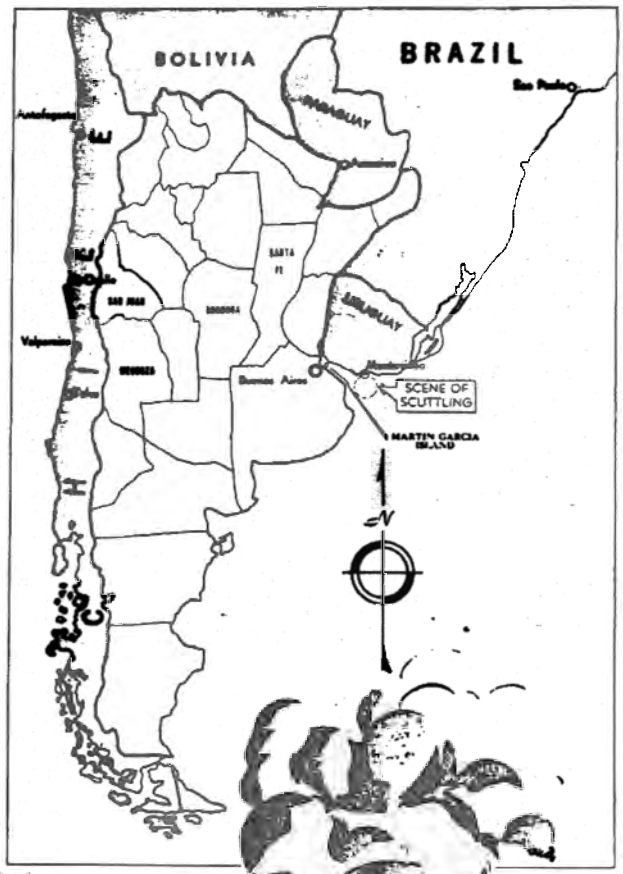
PLACE OF INTERNMENT	ORIGINAL TOTAL	JULY, 1942 TOTAL
Buenos Aires	177	148
Province of Cordoba	252	215
Province of San Juan	50	47
Province of Mendoza	100	86
Province of Santa Fe	200	178
Martin Garcia Island (Miltary Prison)	236	241
Fugitives	31	
Totals	1,046	915

SIX OFFICERS WHO ESCAPED WERE KNOWN BY THE ARGENTINE GOVERNMENT TO HAVE AFTERWARD BEEN IN COMMAND OF GERMAN SUBMARINES.

THE ARGENTINE GOVERNMENT WAS REPORTEDLY AWARE THAT GERMAN COLONIES AND NAZI AGENTS ENLISTED BY THE GERMAN EMBASSY HAD AIDED THE ESCAPE OF MANY CREW MEMBERS.

THE INTERNEES WERE PERMITTED A GREAT DEAL OF FREEDOM AND GRANTED MANY PRIVILEGES.

FUGITIVES WERE REPORTED TO HAVE FLED SOUTH AMERICA THROUGH THE PORTS OF VALPARAISO, ANTOFAGASTA AND SAO PAULO.





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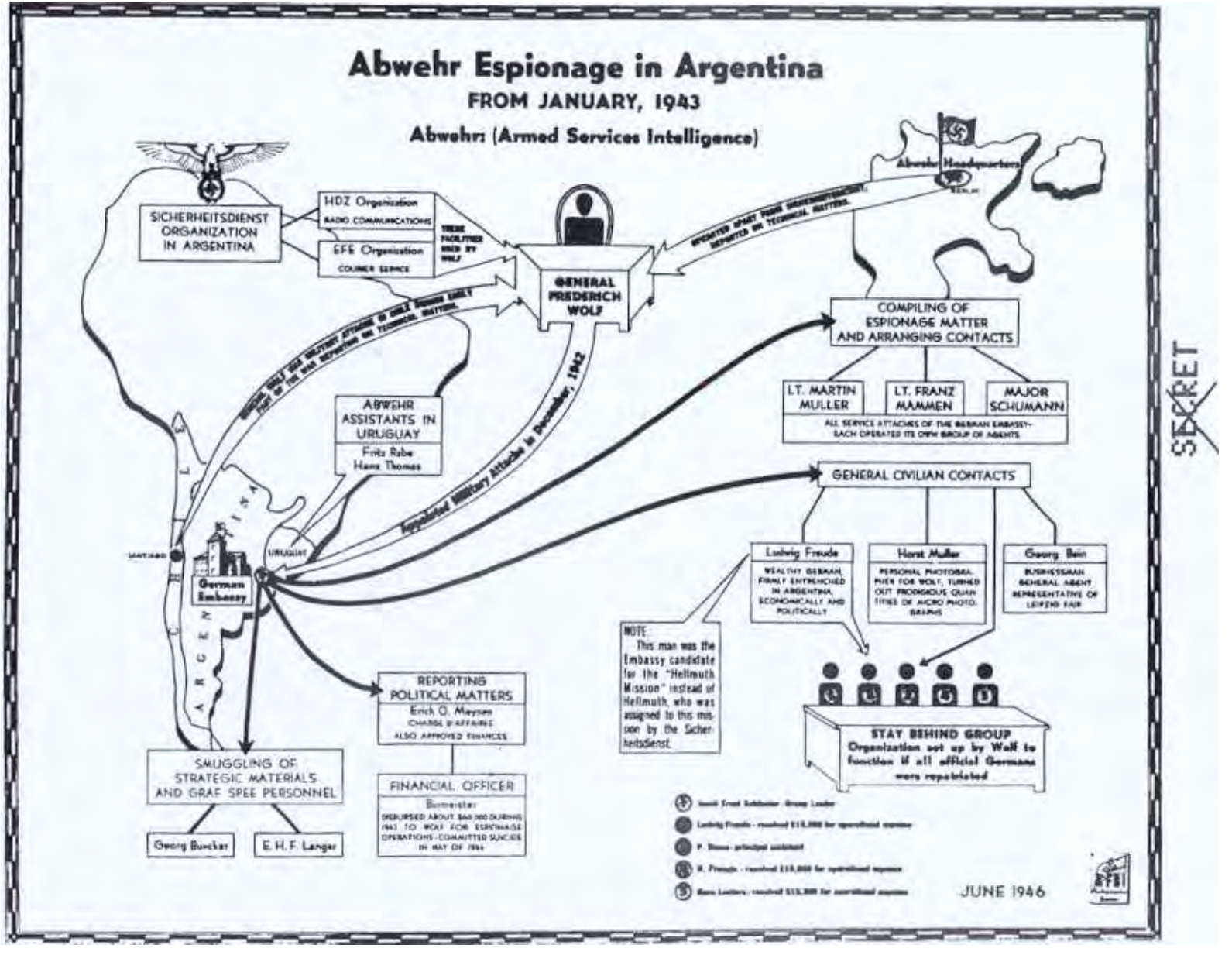
172

SECRET



SECRET

242



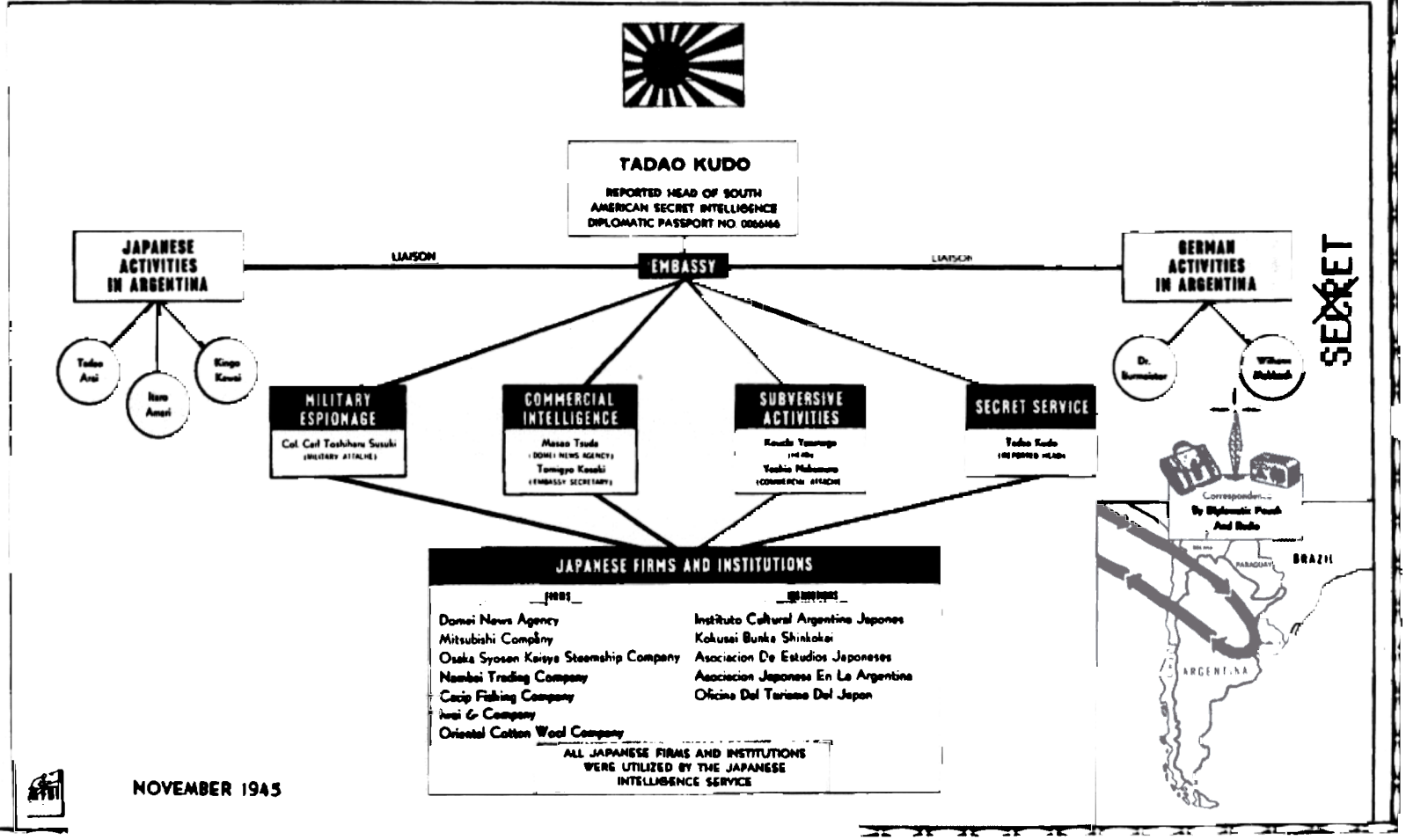
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245

REPUBLIC OF ARGENTINA

JAPANESE INTELLIGENCE SERVICE



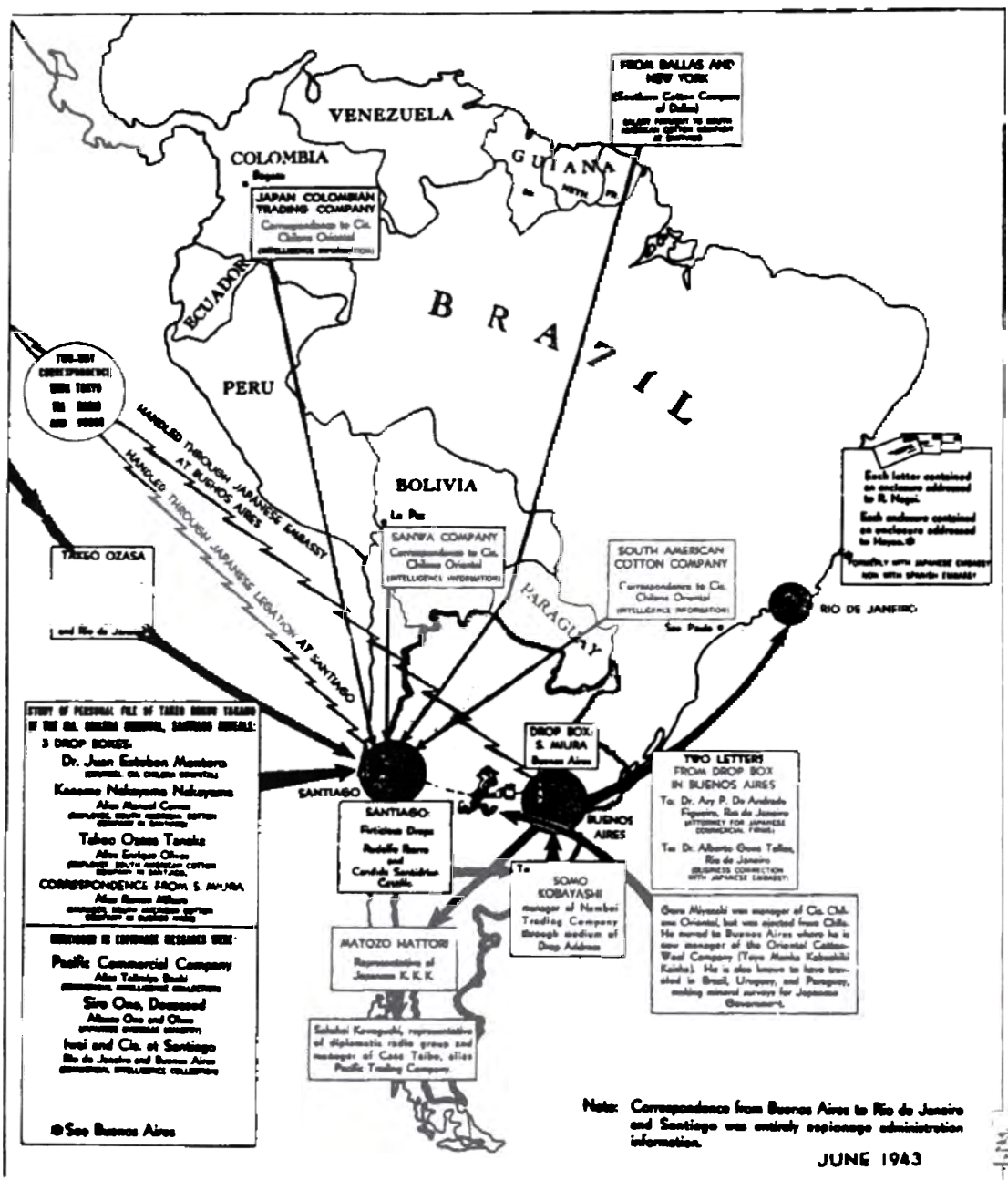
NOVEMBER 1945

SECRET

REPUBLIC OF ARGENTINA

THE JAPSA ESPIONAGE CASE

STRICTLY CONFIDENTIAL



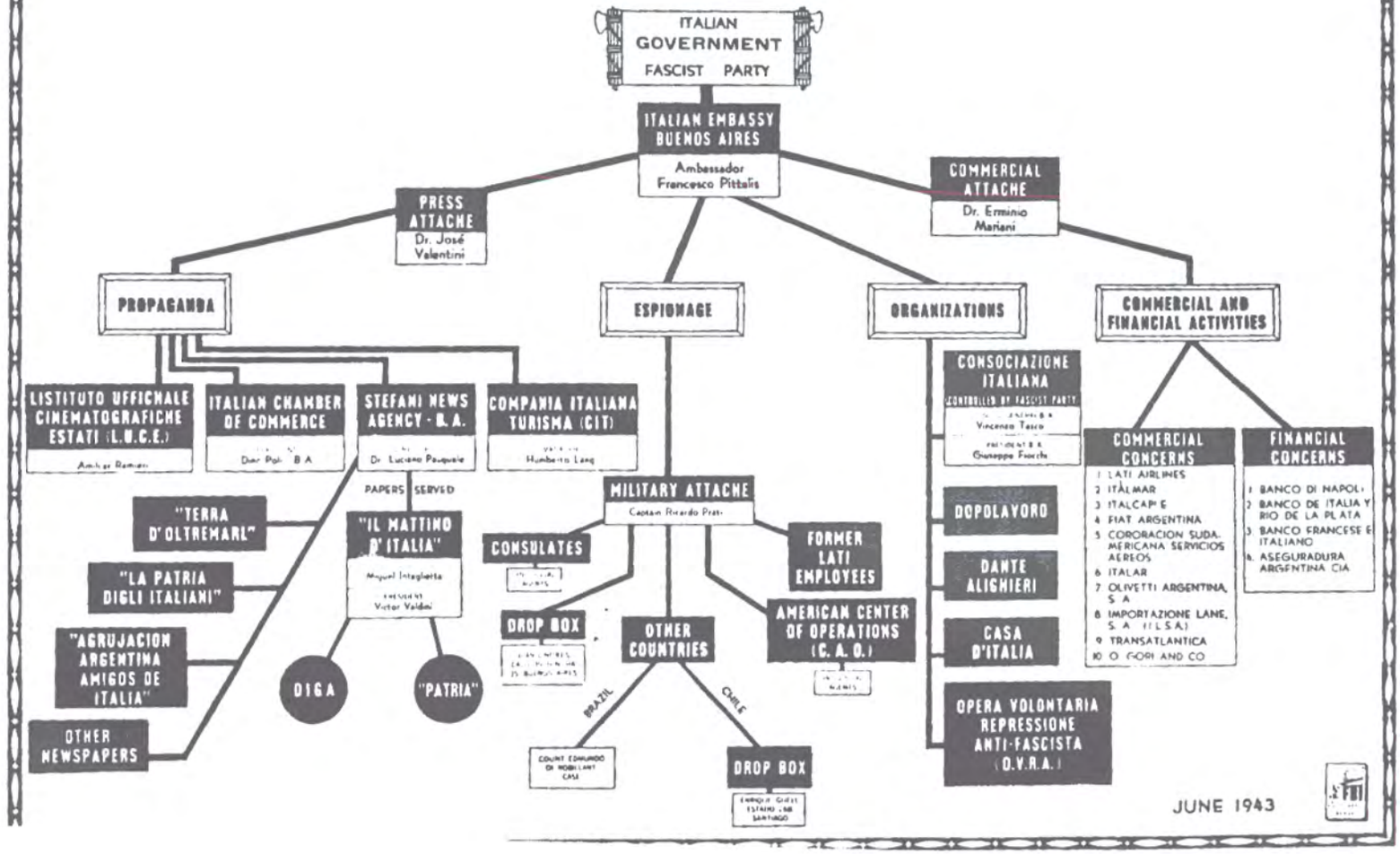
SECRET

251

SECRET

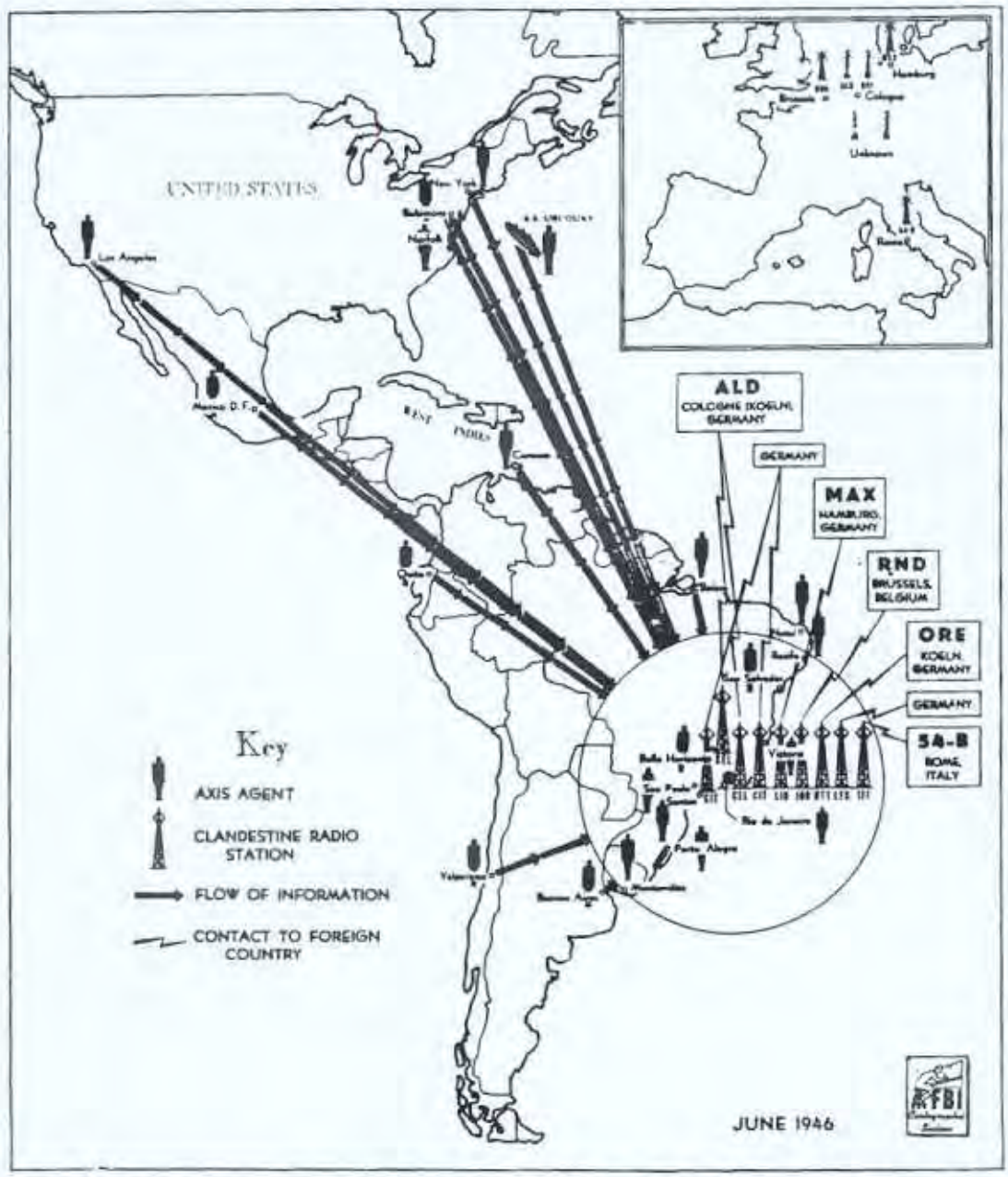
REPUBLIC OF ARGENTINA

ITALIAN FASCIST ACTIVITIES

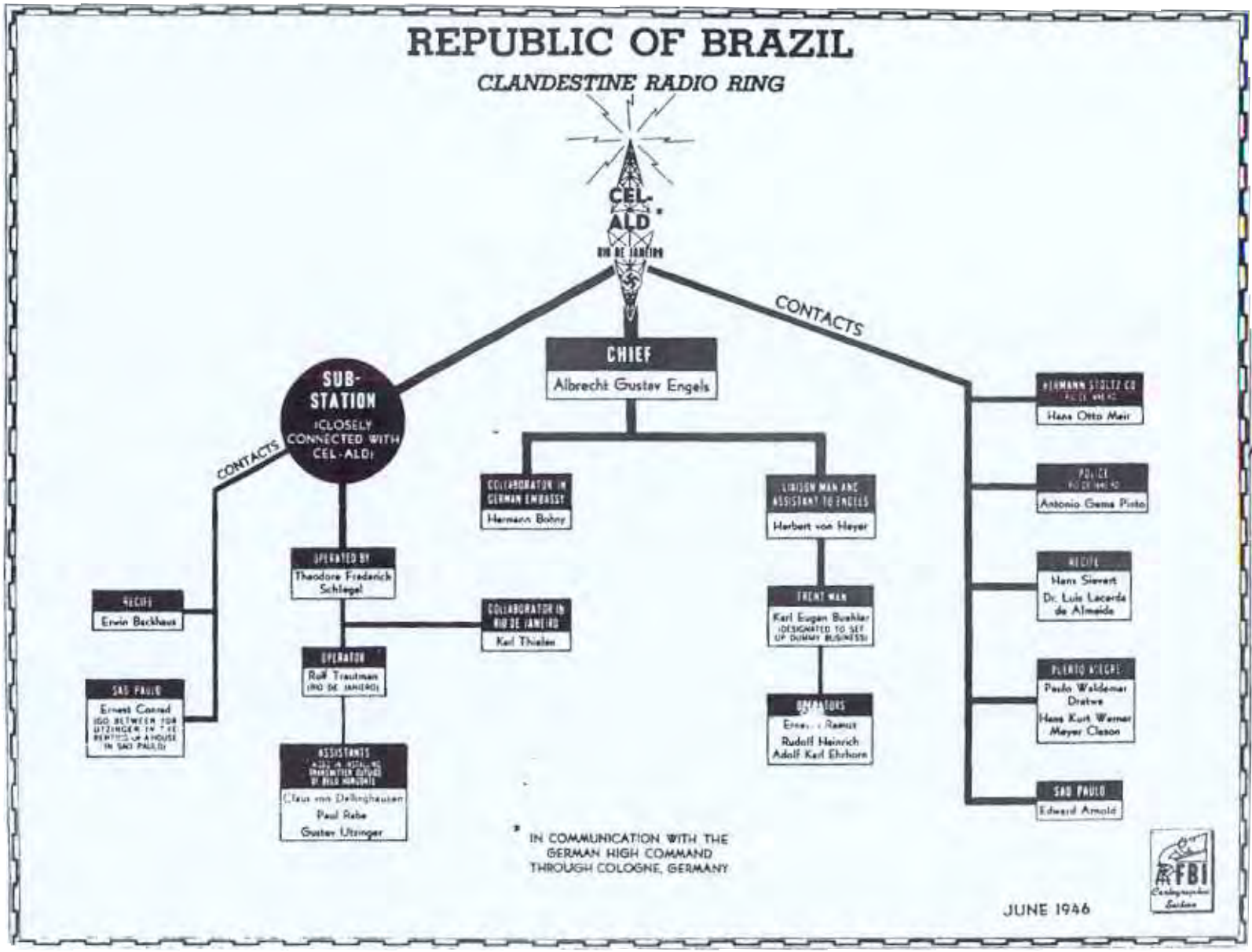


REPUBLIC OF BRAZIL

Location of
AGENTS WHO SUPPLIED INFORMATION TO SECRET AXIS RADIOS

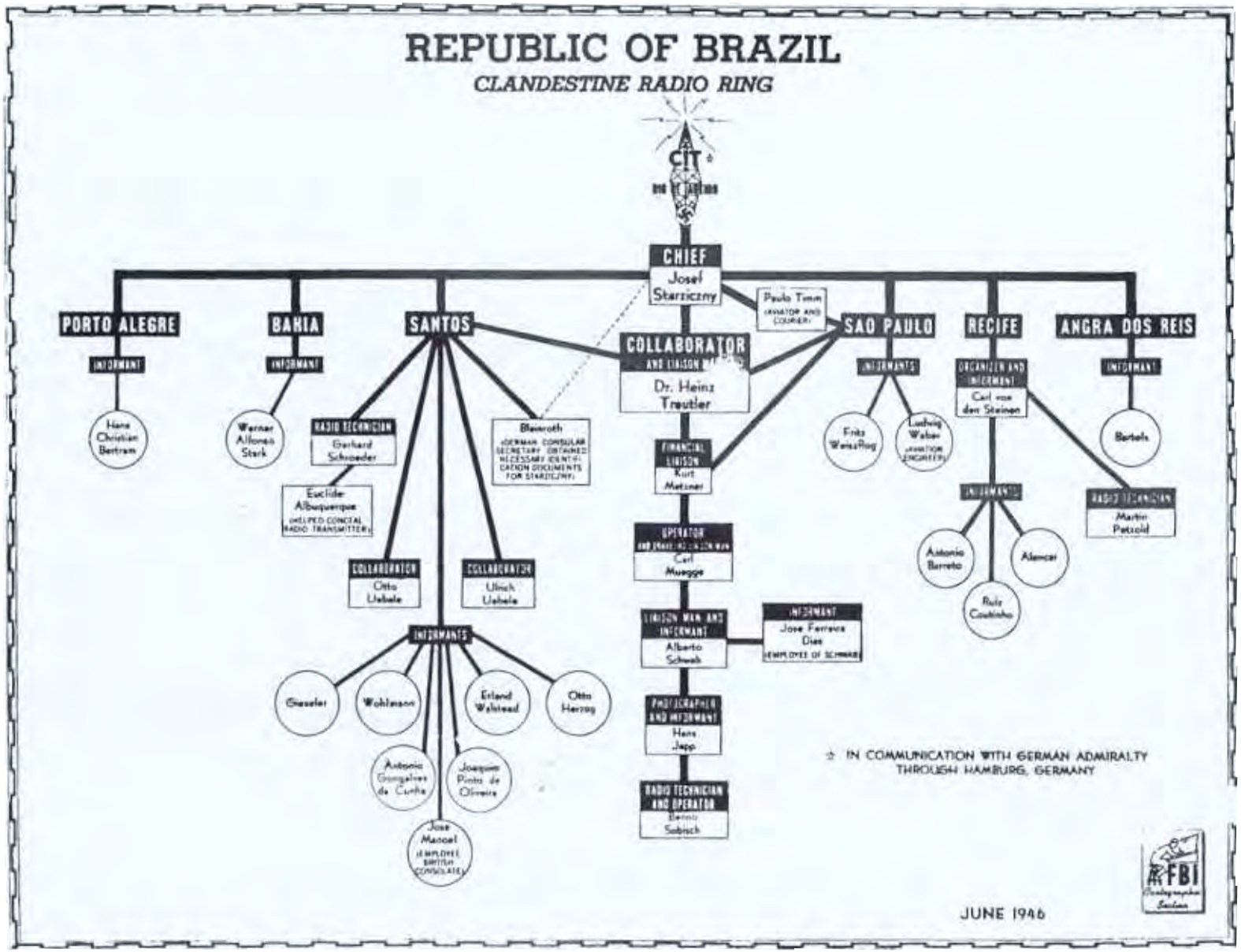


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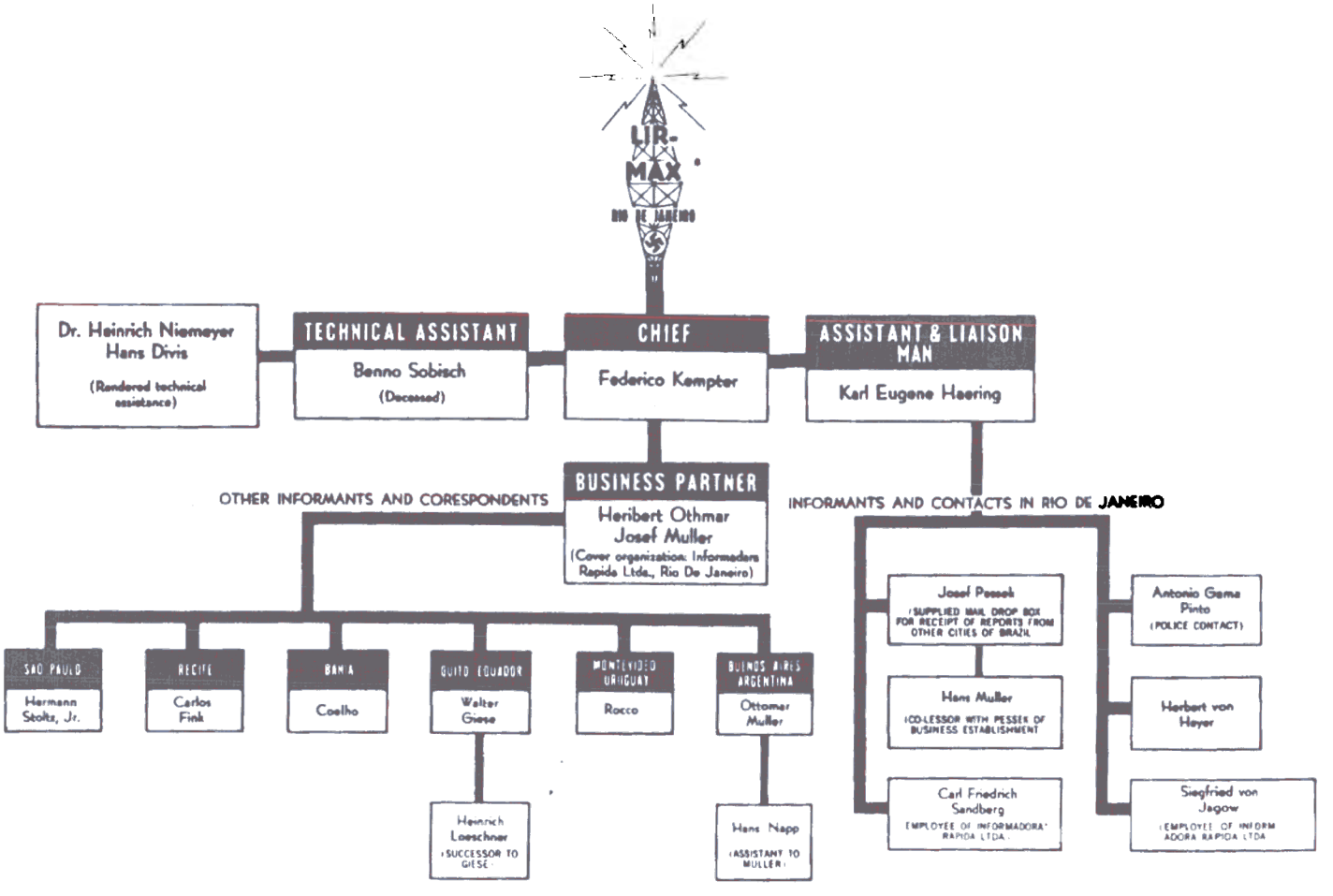
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232

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REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



• IN COMMUNICATION WITH HAMBURG, GERMANY

JUNE 1946

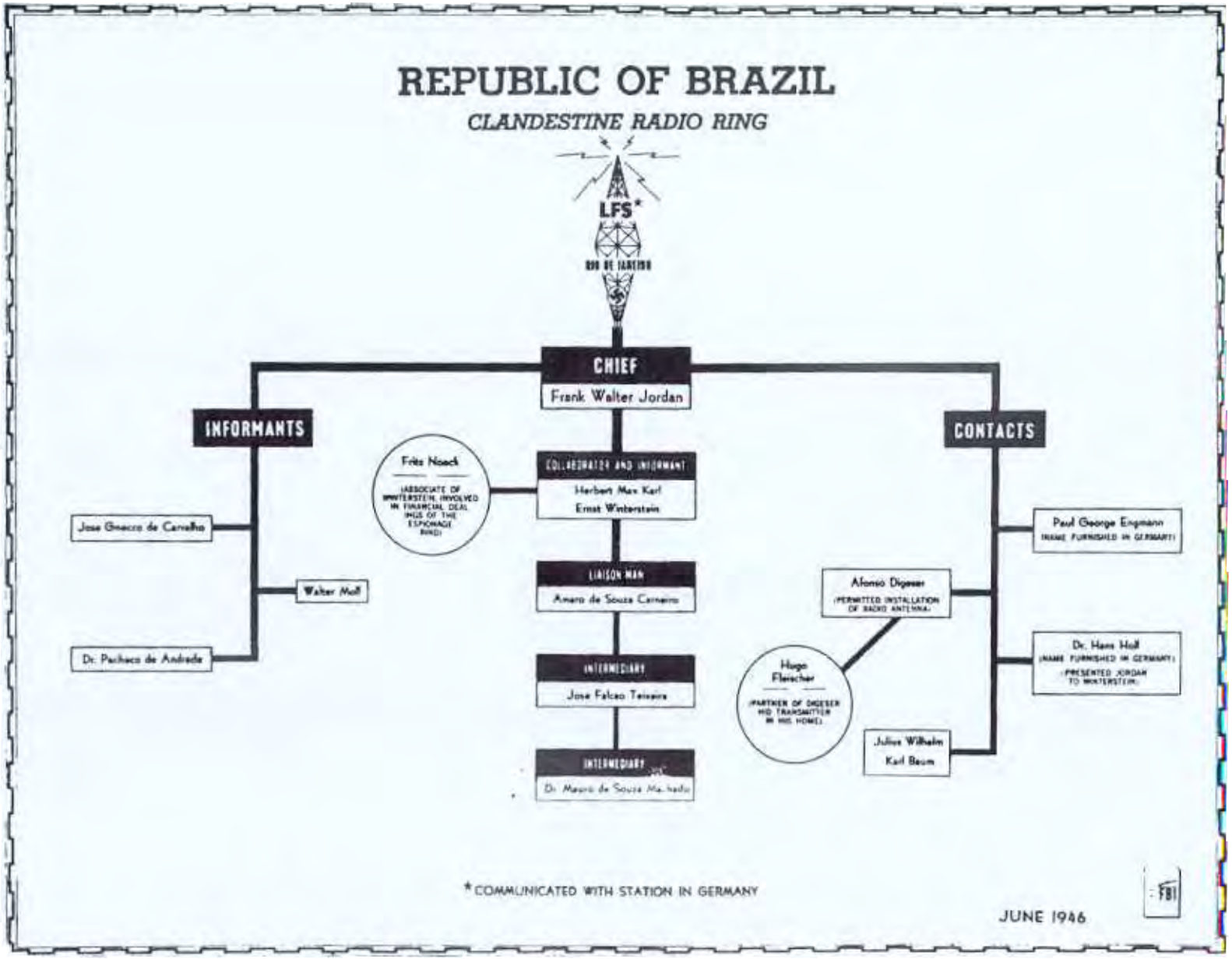
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REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



*COMMUNICATED WITH STATION IN GERMANY

JUNE 1946

FBI

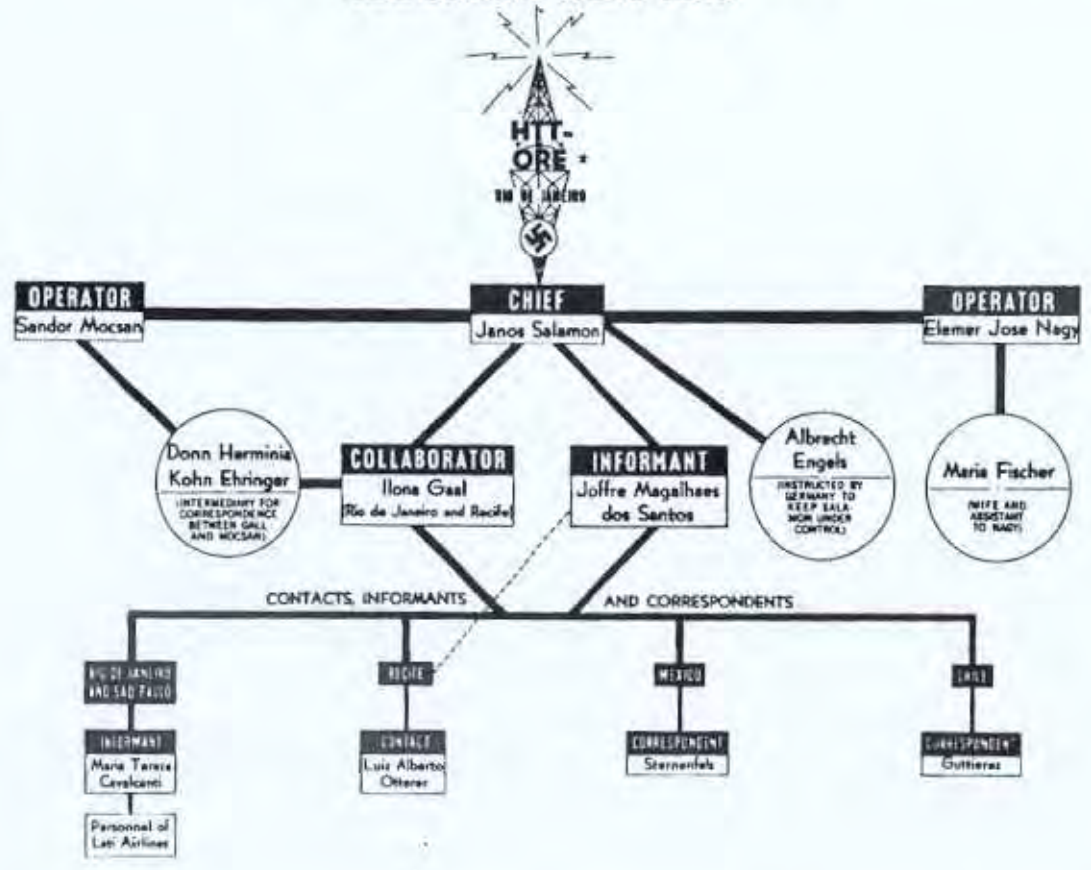
SECRET

832

SECRET

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



* HAD CONTACT IN GERMANY WITH HUGO SEBOLD AND IN HUNGARY WITH JENO PADENGI, VIRAGH, AND AKOS

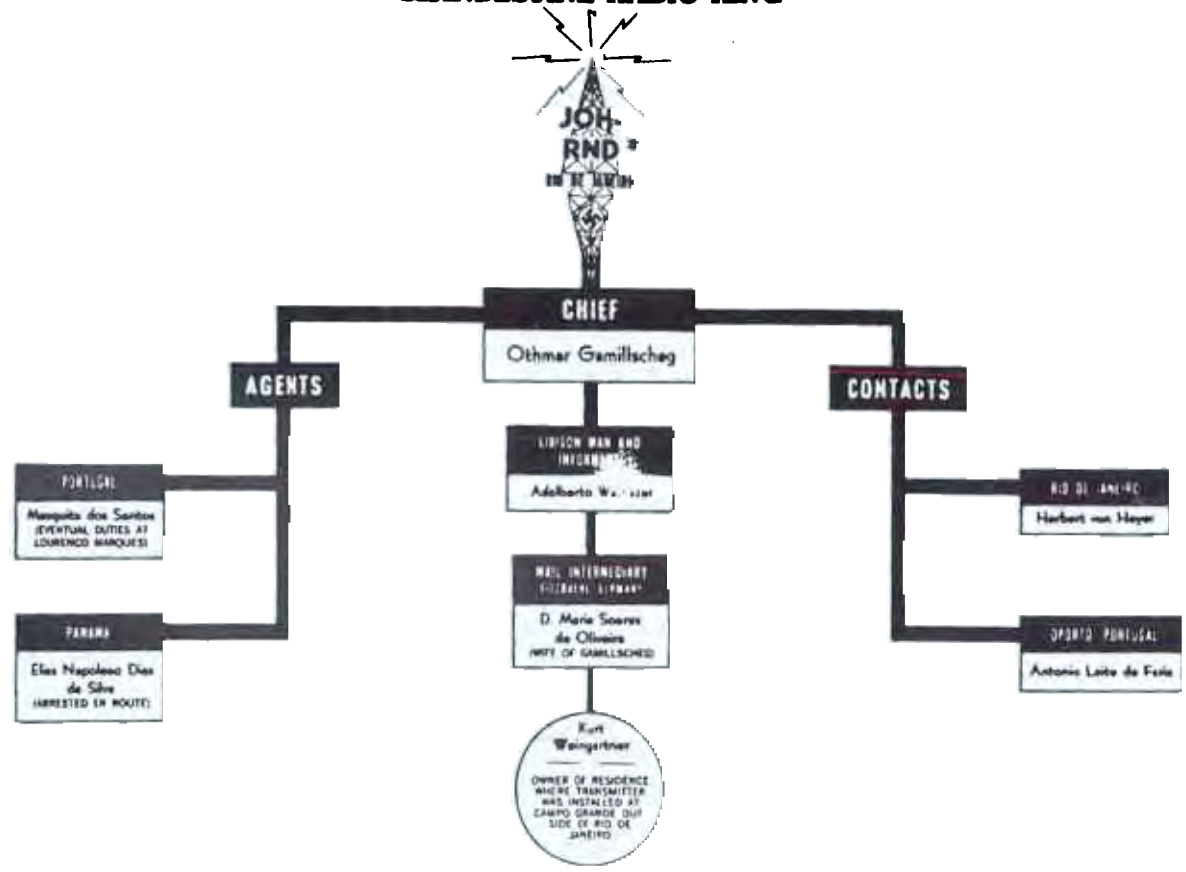
JUNE 1946

SECRET

330

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



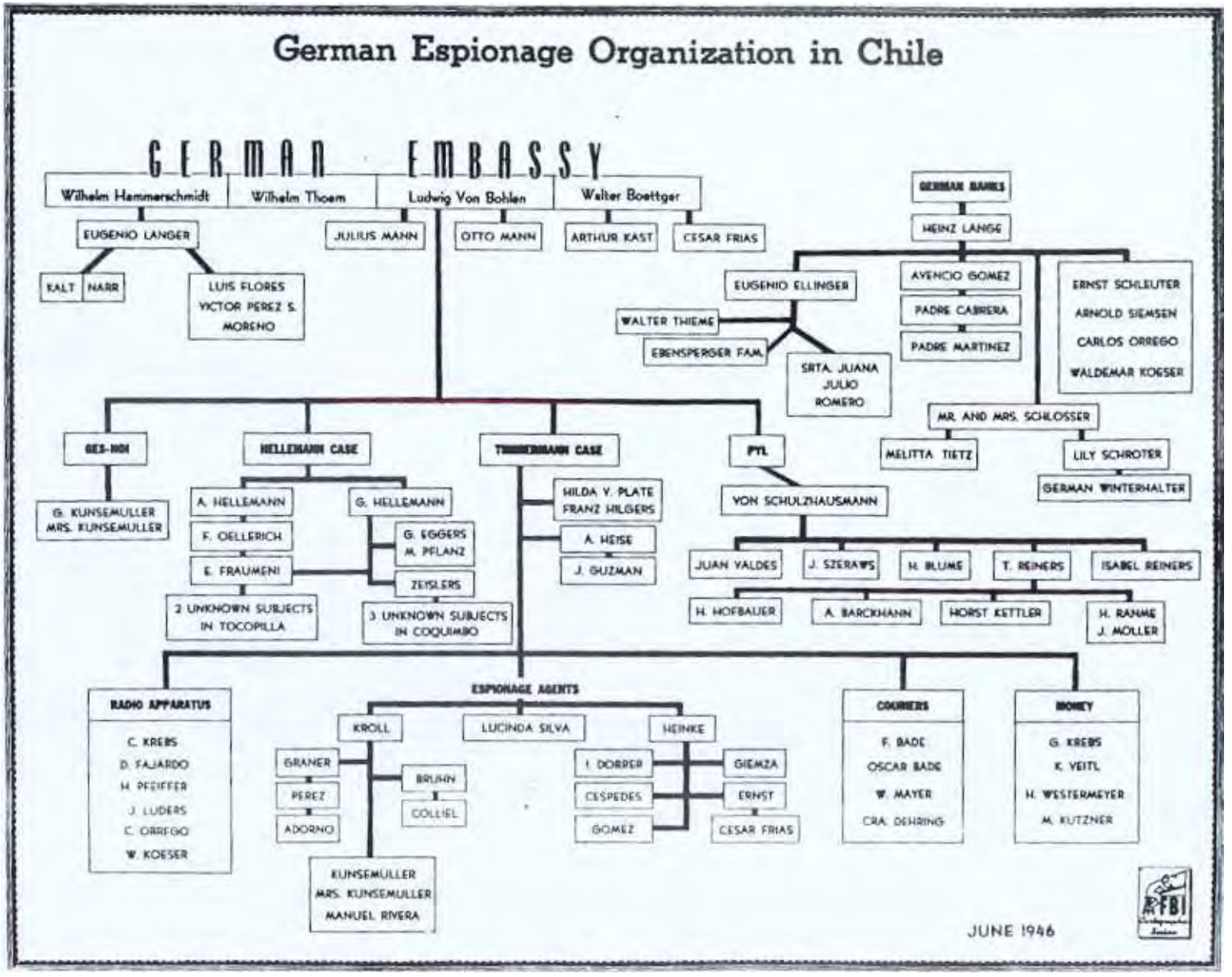
* COMMUNICATED WITH STATION RND LOCATED IN BRUSSELS, BELGIUM

JUNE 1946

SECRET

SECRET

German Espionage Organization in Chile



SECRET

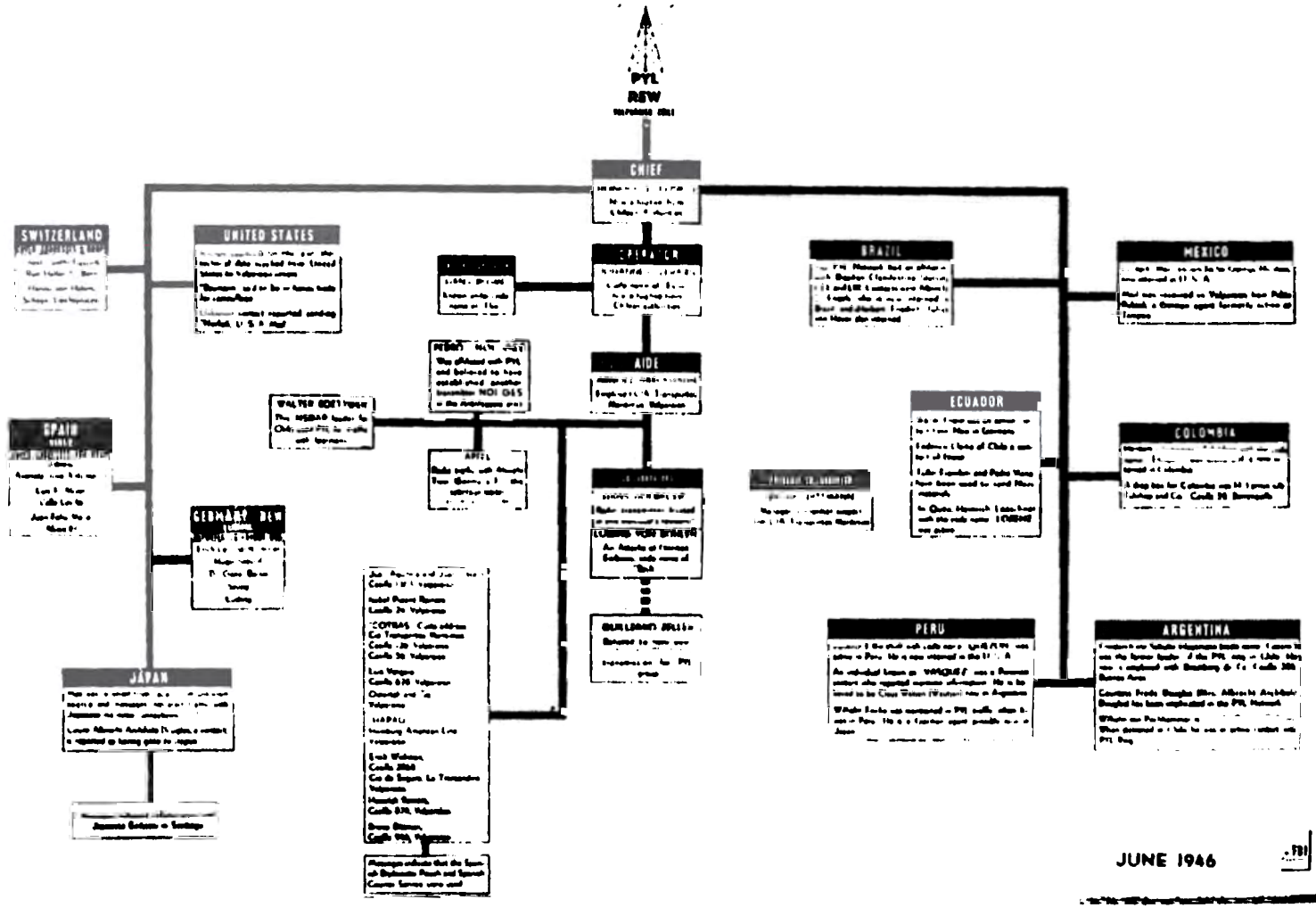
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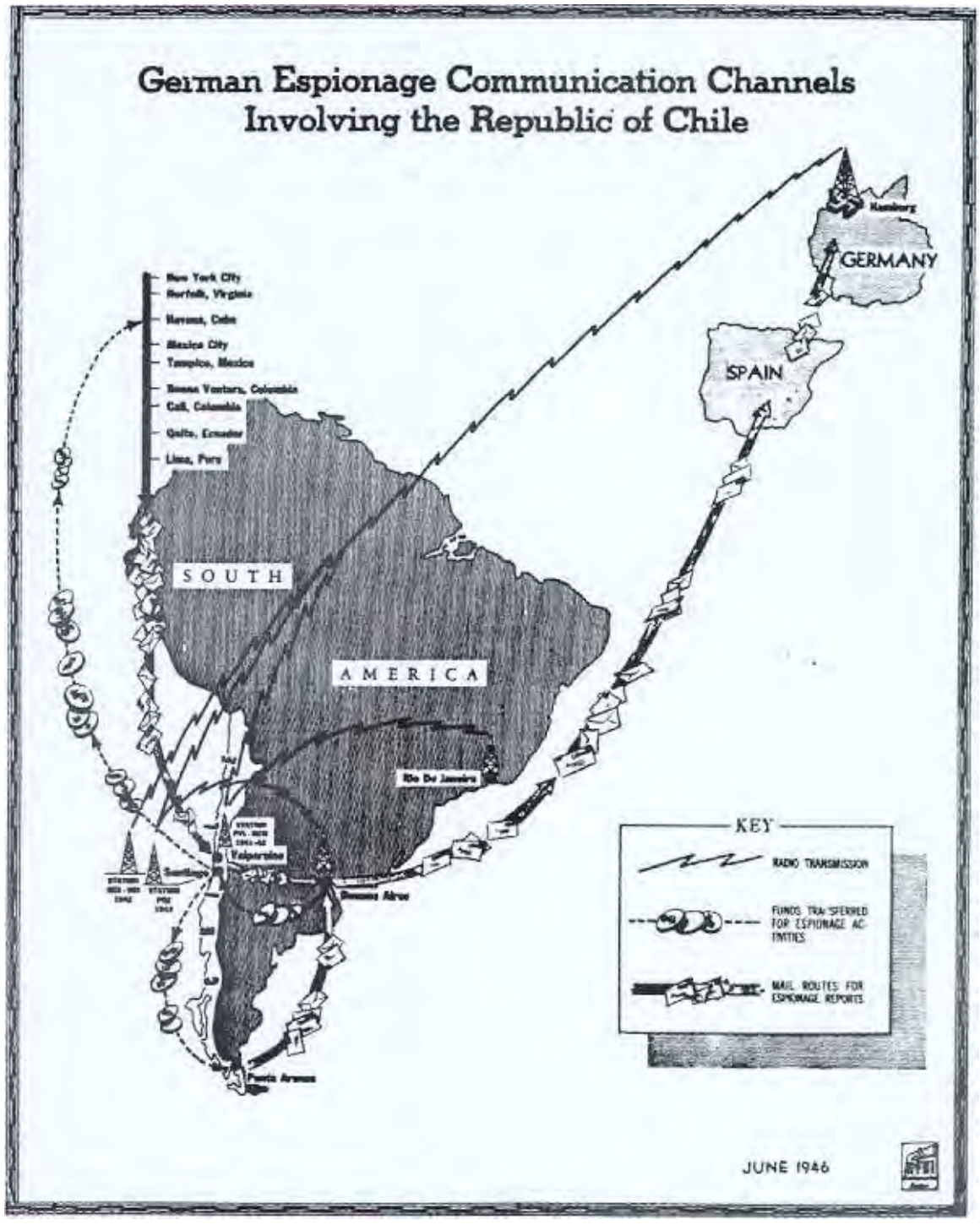
327

SECRET

REPUBLIC OF CHILE

P Y L GERMAN CLANDESTINE RADIO SPY NETWORK VALPARAISO, CHILE

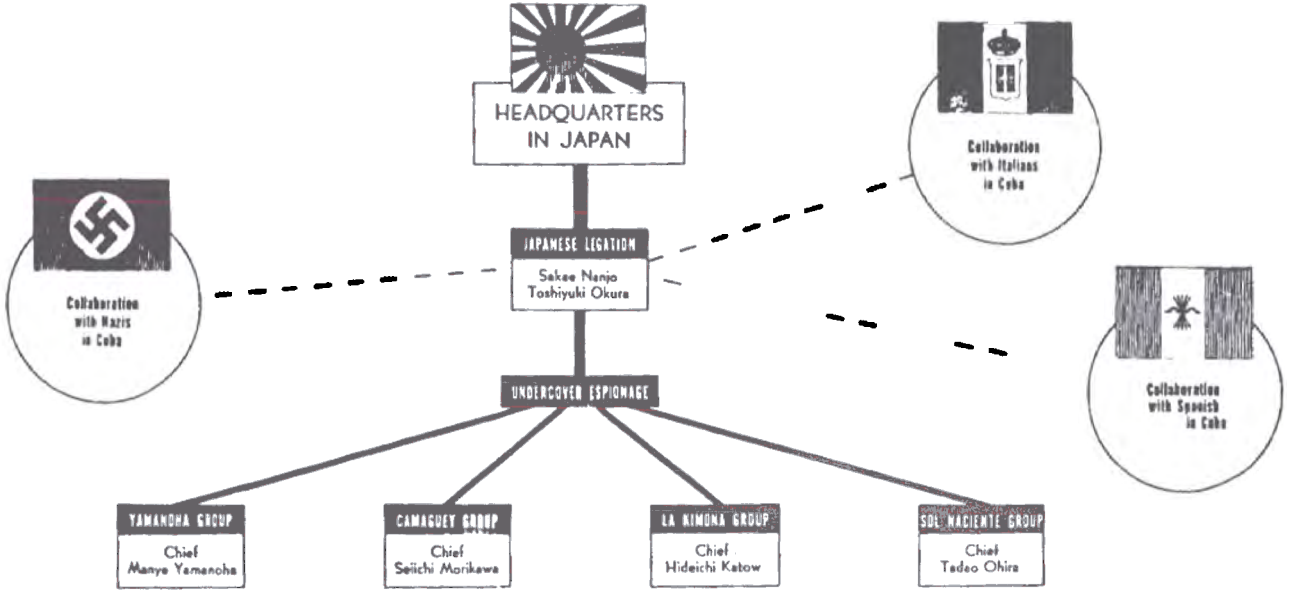



German Espionage Communication Channels
Involving the Republic of Chile
GERMANY
SPAIN
SOUTH
AMERICA
New York City
Norfolk, Virginia
Havana, Cuba
Mexico City
Tampico, Mexico
Buenaventura, Colombia
Cali, Colombia
Quito, Ecuador
Lima, Peru
Valparaiso
Buenos Aires
Rio De Janeiro
Punta Arenas
KEY
RADIO TRANSMISSION
FUNDS TRANSFERRED FOR ESPIONAGE ACTIVITIES
MAIL ROUTES FOR ESPIONAGE REPORTS
JUNE 1946

REPUBLIC OF CUBA

Organization of

JAPANESE ESPIONAGE AND PROPAGANDA IN CUBA



Sakae Nanjo and Toshiyuki Okura were ousted from Cuba after the declaration of war by Cuba on December 9, 1941. Under the joint United States and Cuban internment program which was put into effect on February 2, 1943, all male Japanese between the ages of 15 and 55 years were interned for the duration of the war. Seiichi Morikawa, Manye Yamanoha, Hideiche Katow and Tadeo Ohira were interned.

NOVEMBER 1945

SECRET

376-A

SECRET

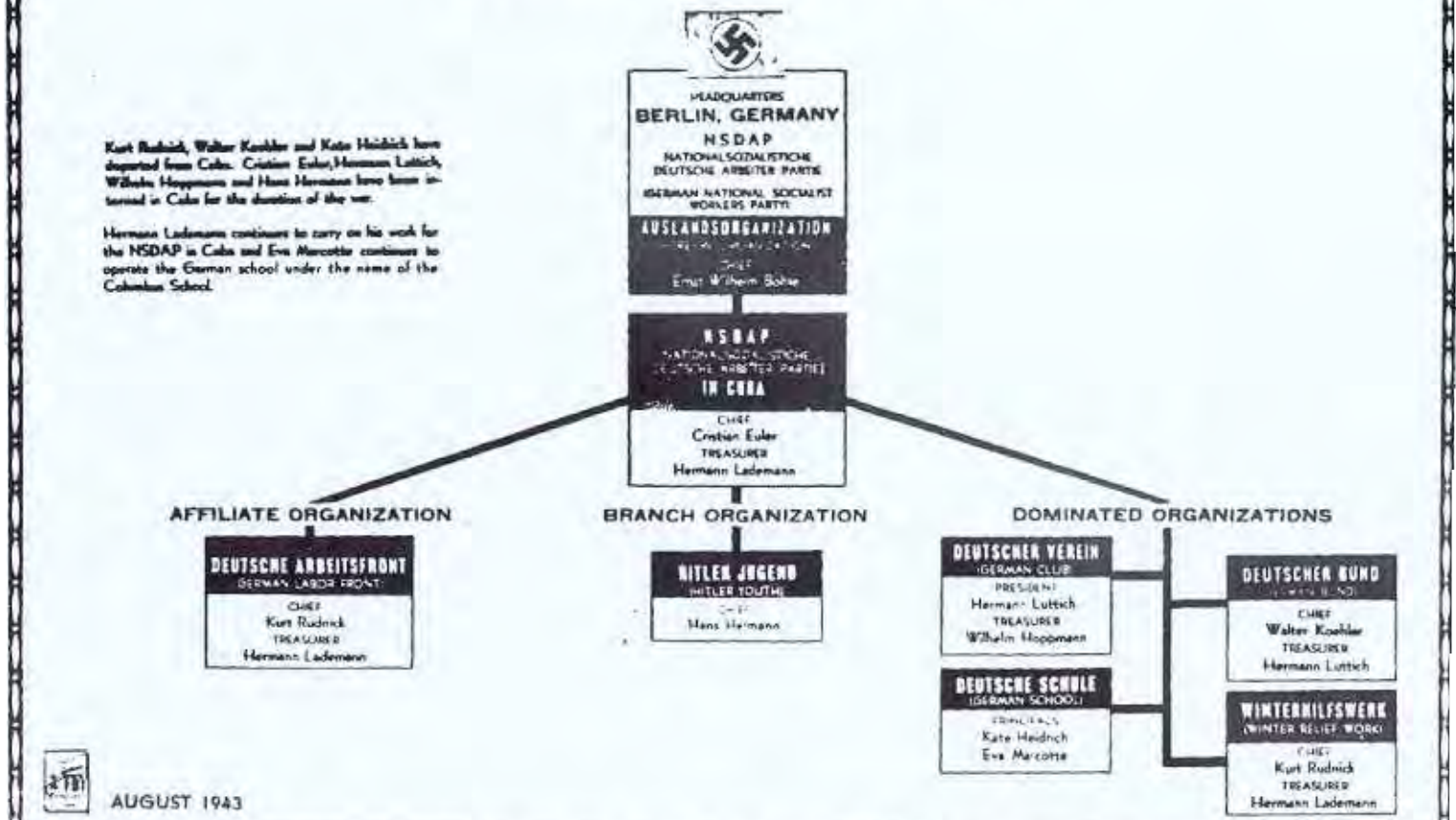
REPUBLIC OF CUBA

Organization in Cuba of the

FOREIGN ORGANIZATION OF THE GERMAN NATIONAL SOCIALIST WORKERS PARTY

Kurt Rudnick, Walter Koehler and Kate Heidrich have departed from Cuba. Cristian Euler, Hermann Luttich, Wilhelm Hoppmann and Hans Hermann have been interned in Cuba for the duration of the war.

Hermann Lademann continues to carry on his work for the NSDAP in Cuba and Eva Marcotte continues to operate the German school under the name of the Columbus School.



AUGUST 1943

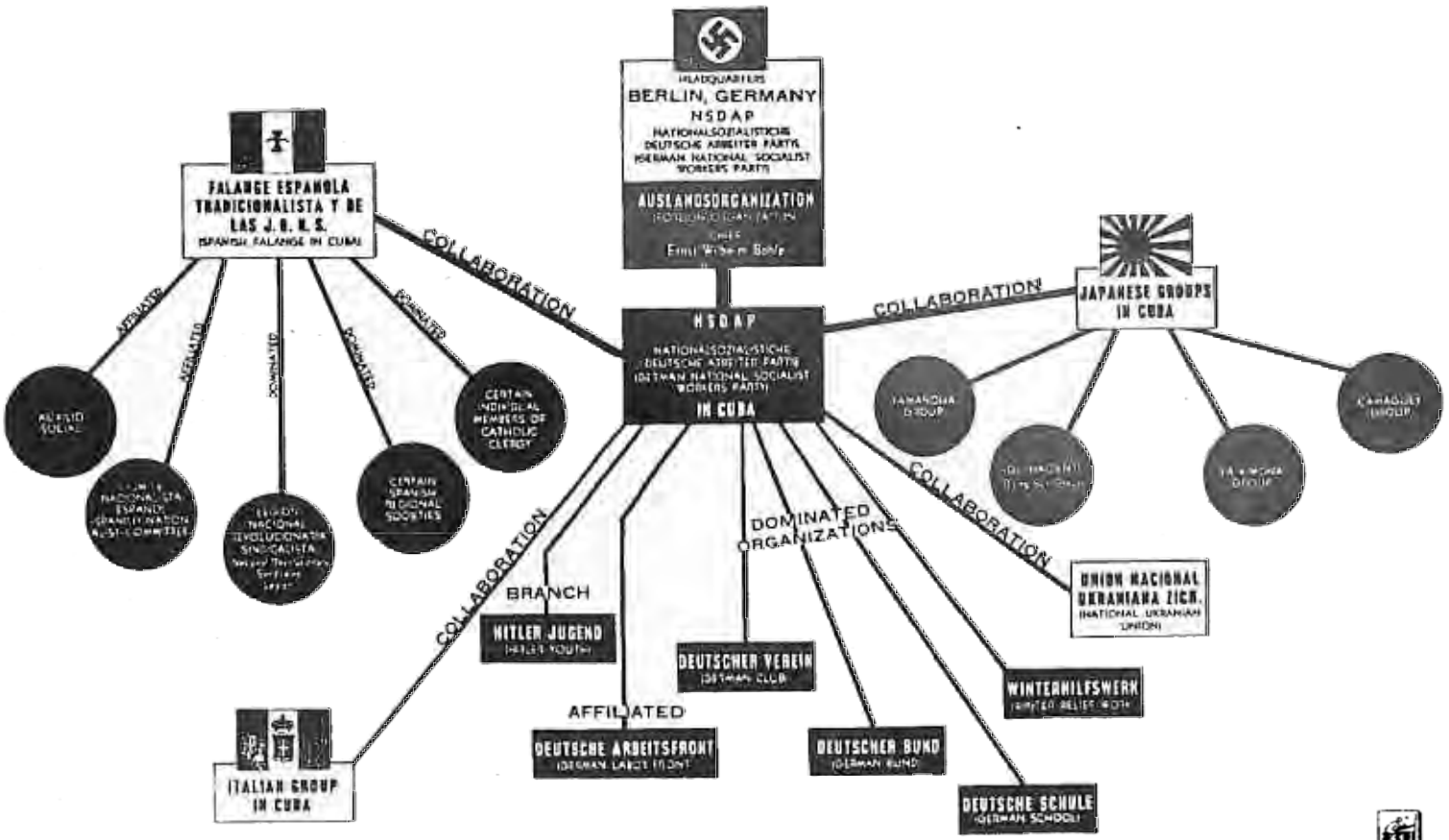
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REPUBLIC OF CUBA

COLLABORATION BETWEEN GERMAN, SPANISH, JAPANESE, ITALIAN AND UKRANIAN ORGANIZATIONS IN CUBA



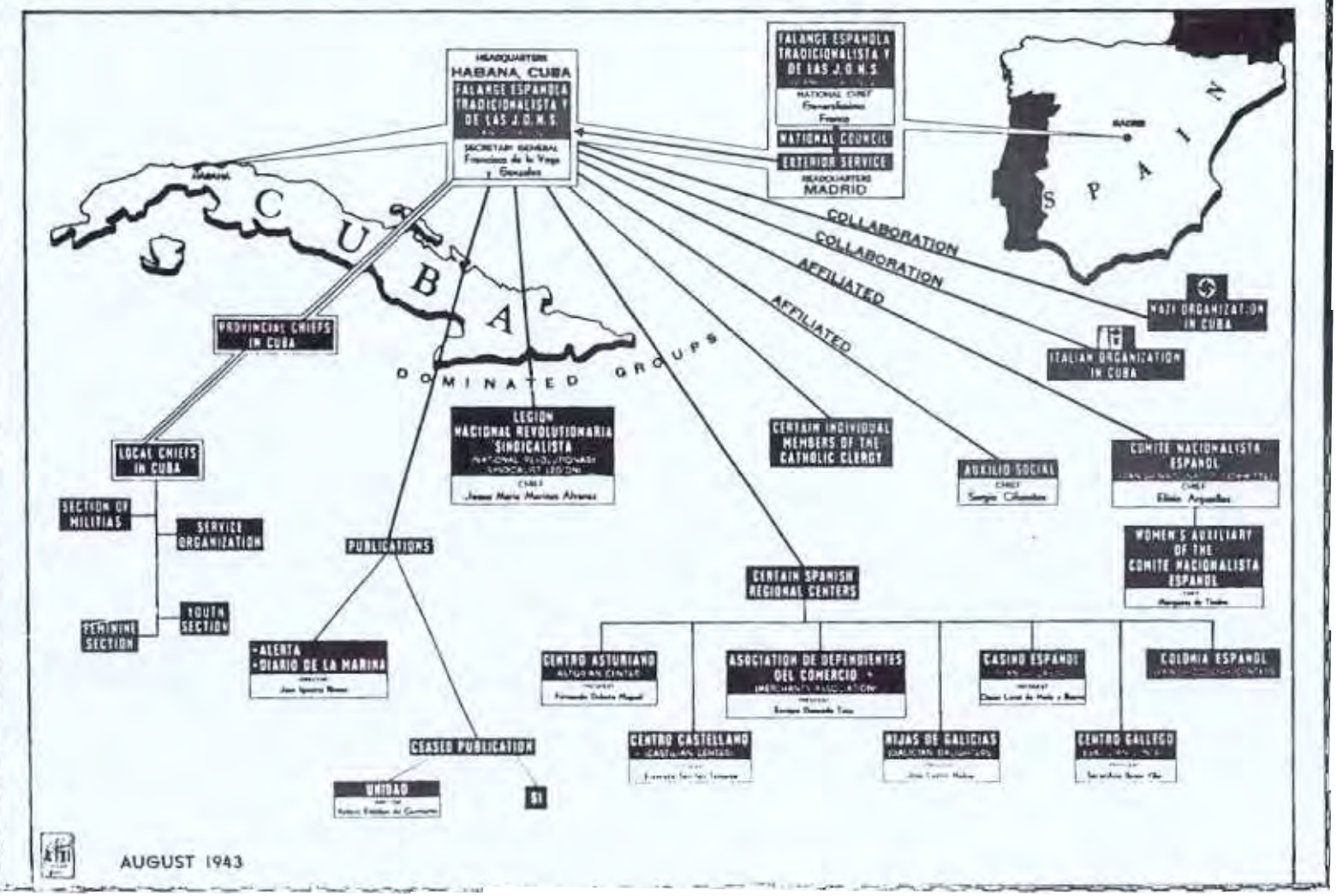
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REPUBLIC OF CUBA

SPANISH FALANGE ORGANIZATION IN CUBA



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Enlargement Showing Detail of Button



Actual Size of Button

IDENTIFICATION BUTTON OF THE POPULAR SOCIALIST PARTY, THE COMMUNIST PARTY ORGANIZATION IN CUBA.

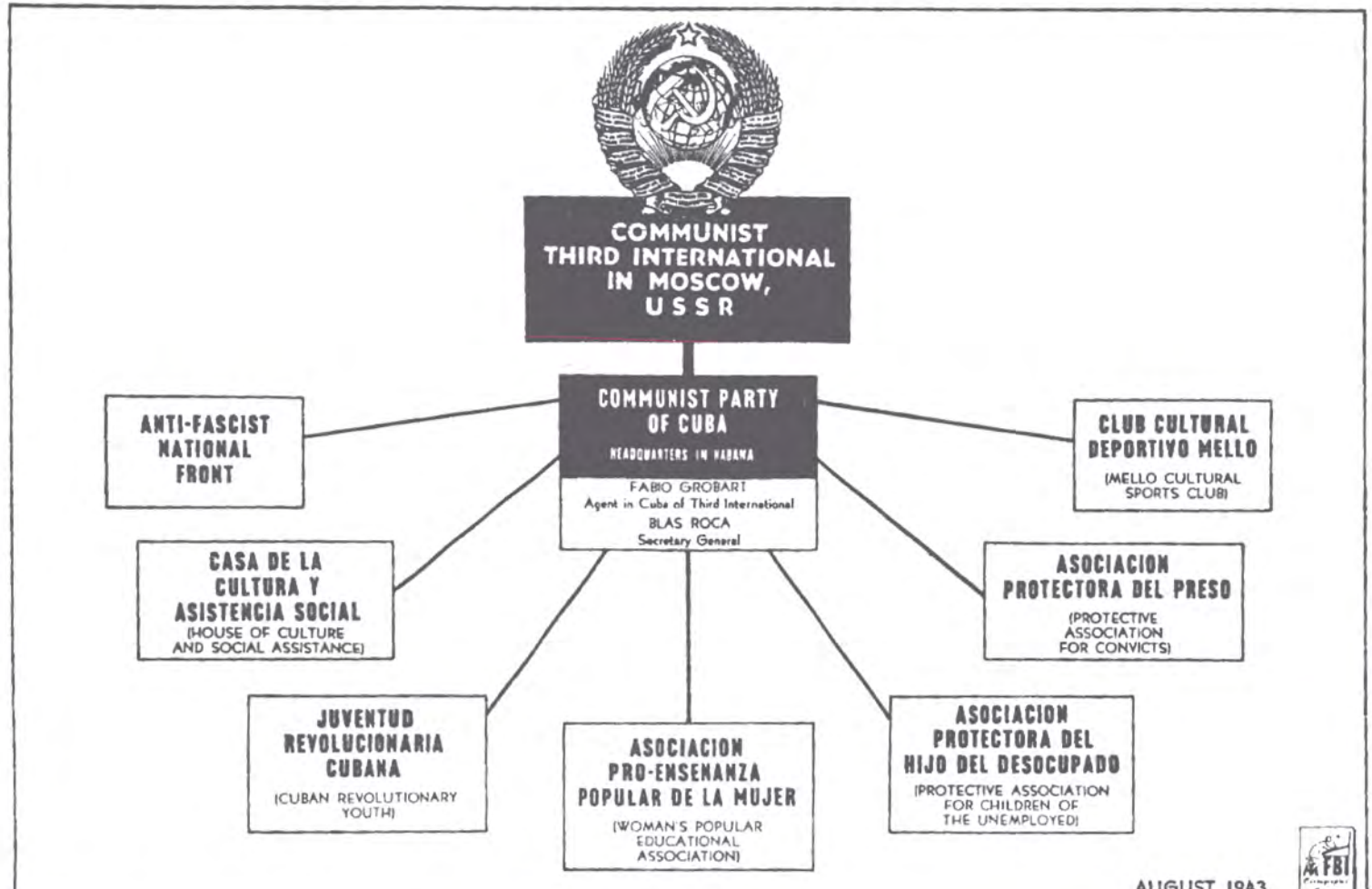
JANUARY 1946

FBI Cartographic Section

SECRET

REPUBLIC OF CUBA

COMMUNIST FRONT ORGANIZATIONS



SECRET

SECRET

Foreign Missions of the Soviet Union in the United States and Latin America

STATUS OF DIPLOMATIC RECOGNITION

JUNE, 1946

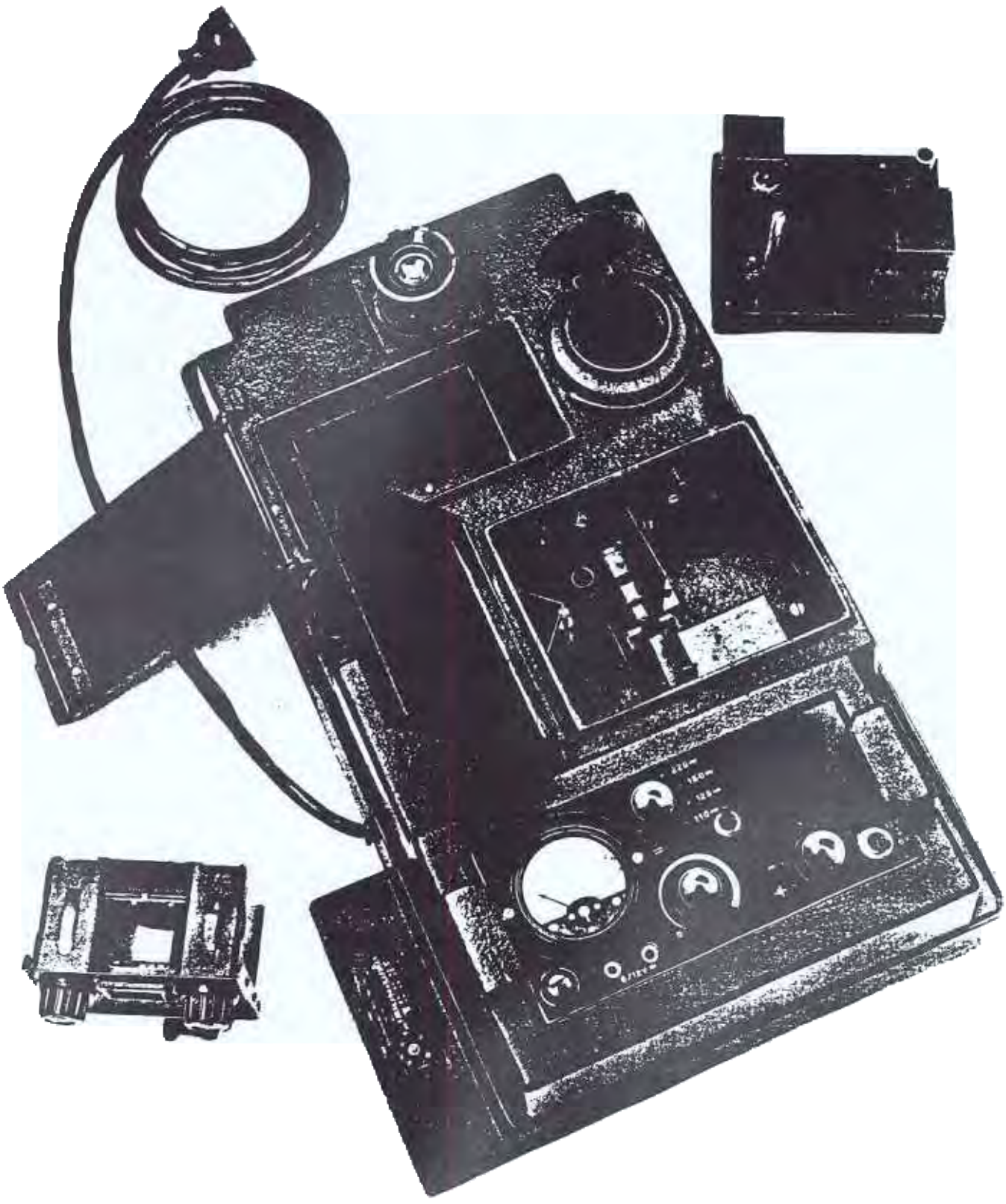


JULY 1946

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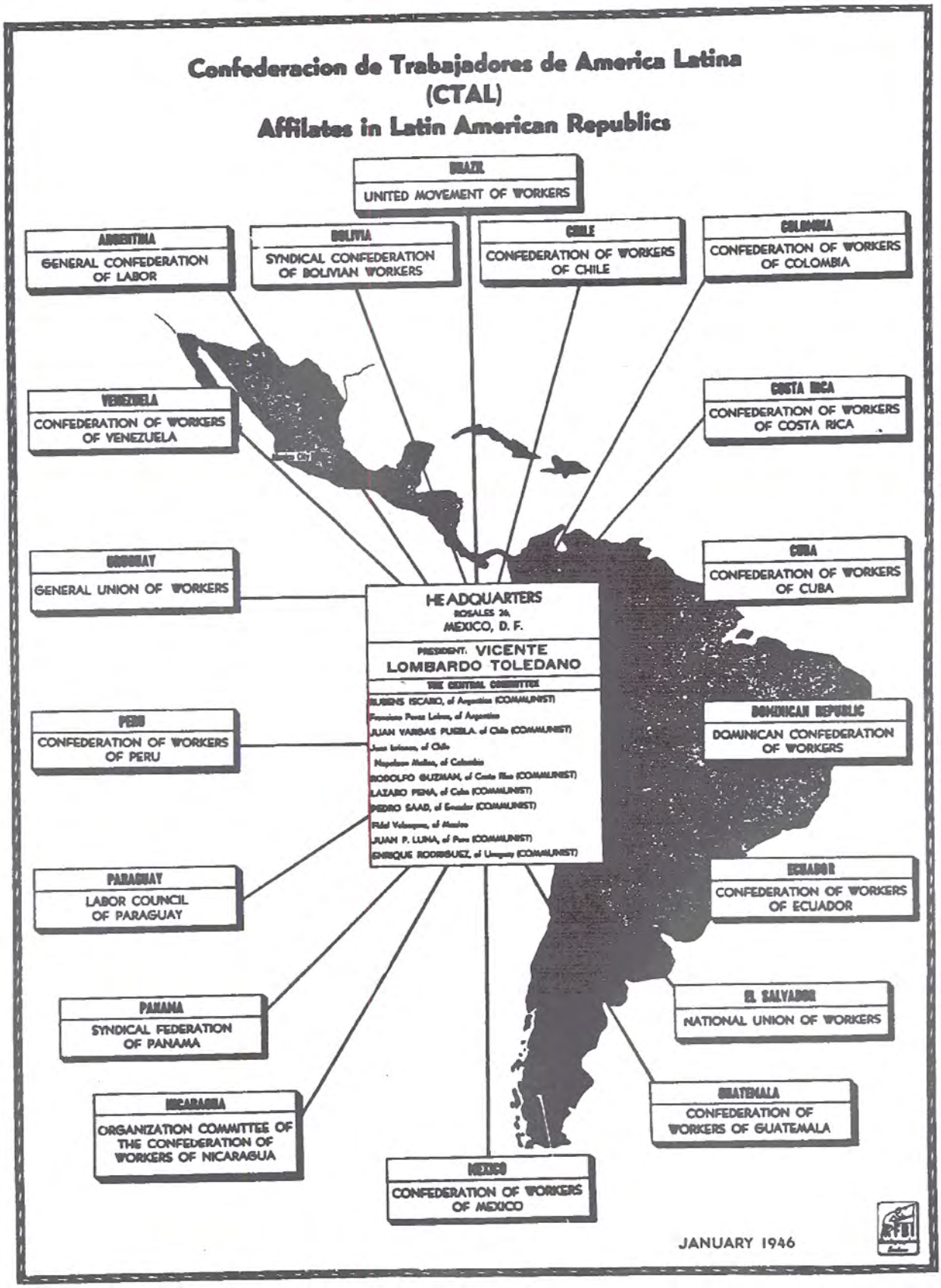
G. Ried

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GERMAN MICRODOT APPARATUS


Confederacion de Trabajadores de America Latina
(CTAL)
Affiliates in Latin American Republics
BRAZIL
UNITED MOVEMENT OF WORKERS
ARGENTINA
GENERAL CONFEDERATION OF LABOR
BOLIVIA
SYNDICAL CONFEDERATION OF BOLIVIAN WORKERS
CHILE
CONFEDERATION OF WORKERS OF CHILE
COLOMBIA
CONFEDERATION OF WORKERS OF COLOMBIA
VENEZUELA
CONFEDERATION OF WORKERS OF VENEZUELA
COSTA RICA
CONFEDERATION OF WORKERS OF COSTA RICA
URUGUAY
GENERAL UNION OF WORKERS
CUBA
CONFEDERATION OF WORKERS OF CUBA
HEADQUARTERS
ROSALES 36
MEXICO, D. F.
PRESIDENT: VICENTE LOMBARDO TOLEDANO
THE CENTRAL COMMITTEE
RUBENS ISCARO, of Argentina (COMMUNIST)
Francisco Perez Leiros, of Argentina
JUAN VARGAS PUEBLA, of Chile (COMMUNIST)
Juan Iriarte, of Chile
Napoleon Molina, of Colombia
RODOLFO GUZMAN, of Costa Rica (COMMUNIST)
LAZARO PEÑA, of Cuba (COMMUNIST)
PEDRO SAAD, of Ecuador (COMMUNIST)
Fidel Velazquez, of Mexico
JUAN P. LUNA, of Peru (COMMUNIST)
ENRIQUE RODRIGUEZ, of Uruguay (COMMUNIST)
DOMINICAN REPUBLIC
DOMINICAN CONFEDERATION OF WORKERS
PERU
CONFEDERATION OF WORKERS OF PERU
ECUADOR
CONFEDERATION OF WORKERS OF ECUADOR
PARAGUAY
LABOR COUNCIL OF PARAGUAY
EL SALVADOR
NATIONAL UNION OF WORKERS
PANAMA
SYNDICAL FEDERATION OF PANAMA
GUATEMALA
CONFEDERATION OF WORKERS OF GUATEMALA
NICARAGUA
ORGANIZATION COMMITTEE OF THE CONFEDERATION OF WORKERS OF NICARAGUA
MEXICO
CONFEDERATION OF WORKERS OF MEXICO
JANUARY 1946

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Organizational Structure of the
LATIN AMERICAN COMMITTEE FOR FREE GERMANS

MOVIMIENTO ALEMANIA LIBRE
(FREE GERMANY MOVEMENT)
MEXICO, D. F. MEXICO

President: Ludwig Renn
Secretary: Paul Merker

DOMINATED

LATEINAMERIKANISCHEN KOMITEE DER FREIEN DEUTSCHEN
(LATIN AMERICAN COMMITTEE FOR FREE GERMANS)
MEXICO, D. F., MEXICO

President: Ludwig Renn
Secretaries: Paul Merker
Erich Jungmann

AFFILIATED

GUATEMALA
AMIGOS DE ALEMANES LIBRES (FRIENDS OF FREE GERMANS)
Headquarters: Guatemala City

COSTA RICA
ALEMANIA LIBRE (FREE GERMANY)
Headquarters: San Jose

CUBA
COMITE ALEMAN ANTI-FASCISTA (GERMAN ANTI-FASCIST COMMITTEE)
Headquarters: Havana

VENEZUELA
AMIGOS DE ALEMANES LIBRES (FRIENDS OF FREE GERMANS)
Headquarters: Caracas

COLOMBIA
MOVIMIENTO ALEMANIA LIBRE (FREE GERMANY MOVEMENT)
Headquarters: Bogota

PANAMA
AMIGOS DE ALEMANES LIBRES (FRIENDS OF FREE GERMANS)
Headquarters: Panama

BRAZIL
MOVIMENTO DOS ALEMAES LIVRES DO BRASIL (FREE GERMAN MOVEMENT OF BRAZIL)
Headquarters: Rio de Janeiro

DOMINICAN REPUBLIC
MOVIMIENTO DE ANTINAZIS DE HABLA ALEMAN (MOVEMENT OF GERMAN SPEAKING ANTI-NAZIS)
Headquarters: Ciudad Trujillo

ECUADOR
ALEMANIA LIBRE (FREE GERMANY)
Headquarters: Quito

CHILE
ALEMANIA LIBRE (FREE GERMANY)
Headquarters: Santiago

ARGENTINA
COMITE ALEMANIA LIBRE (FREE GERMANY COMMITTEE)
Headquarters: Buenos Aires

HONDURAS
AUSSCHUSS DER DEUTSCHSPRACHIGEN HITLERGEGNER IN HONDURAS (COMMITTEE OF GERMAN SPEAKING OPPONENTS OF HITLERISM IN HONDURAS)
Headquarters: Tegucigalpa

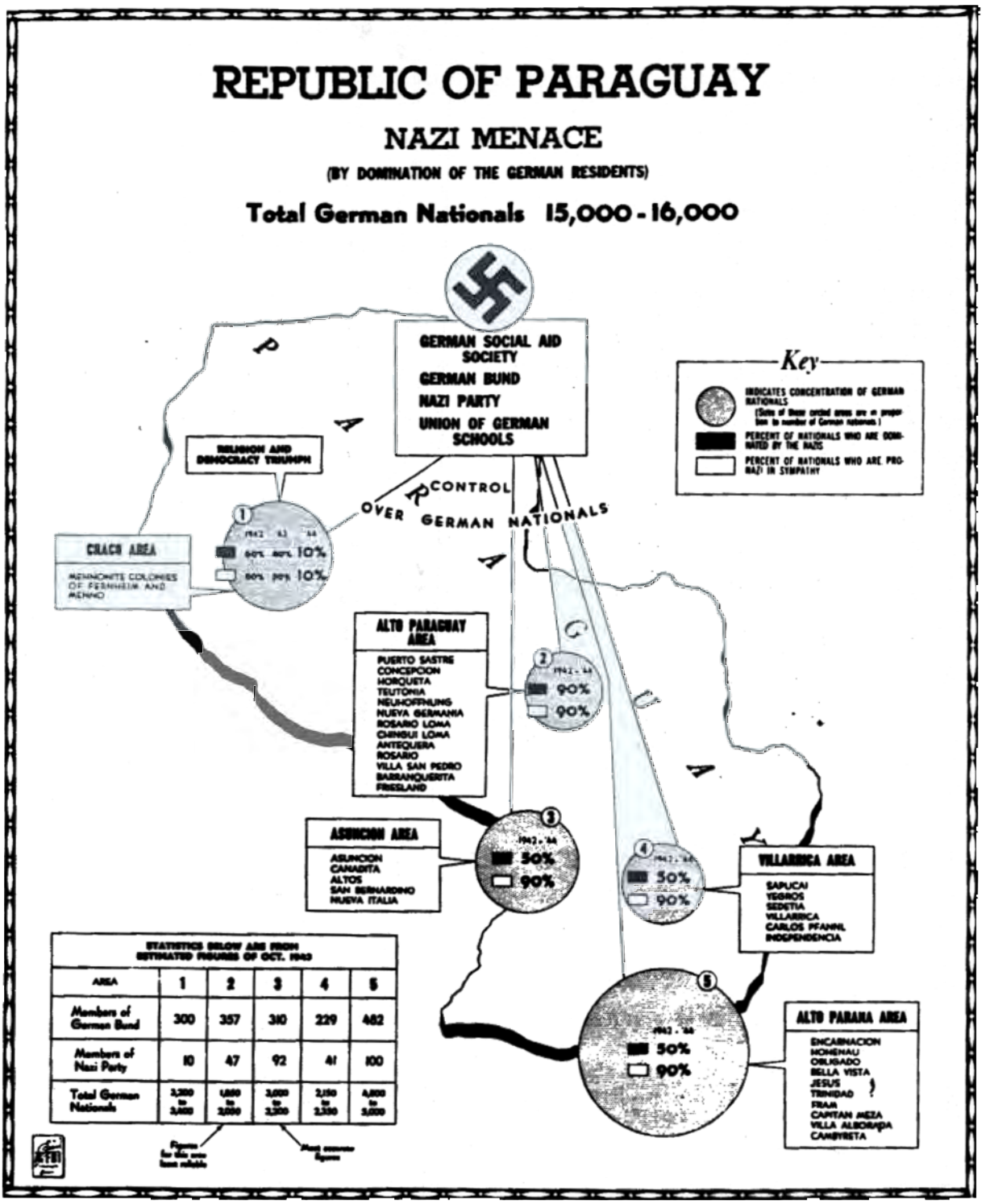
URUGUAY
COMITE ALEMAN ANTIFASCISTA (GERMAN ANTI-FASCIST COMMITTEE)
Headquarters: Montevideo

BOLIVIA
VFDB (UNION OF FREE GERMANS IN BOLIVIA)
Headquarters: La Paz

JANUARY 1946

FBI

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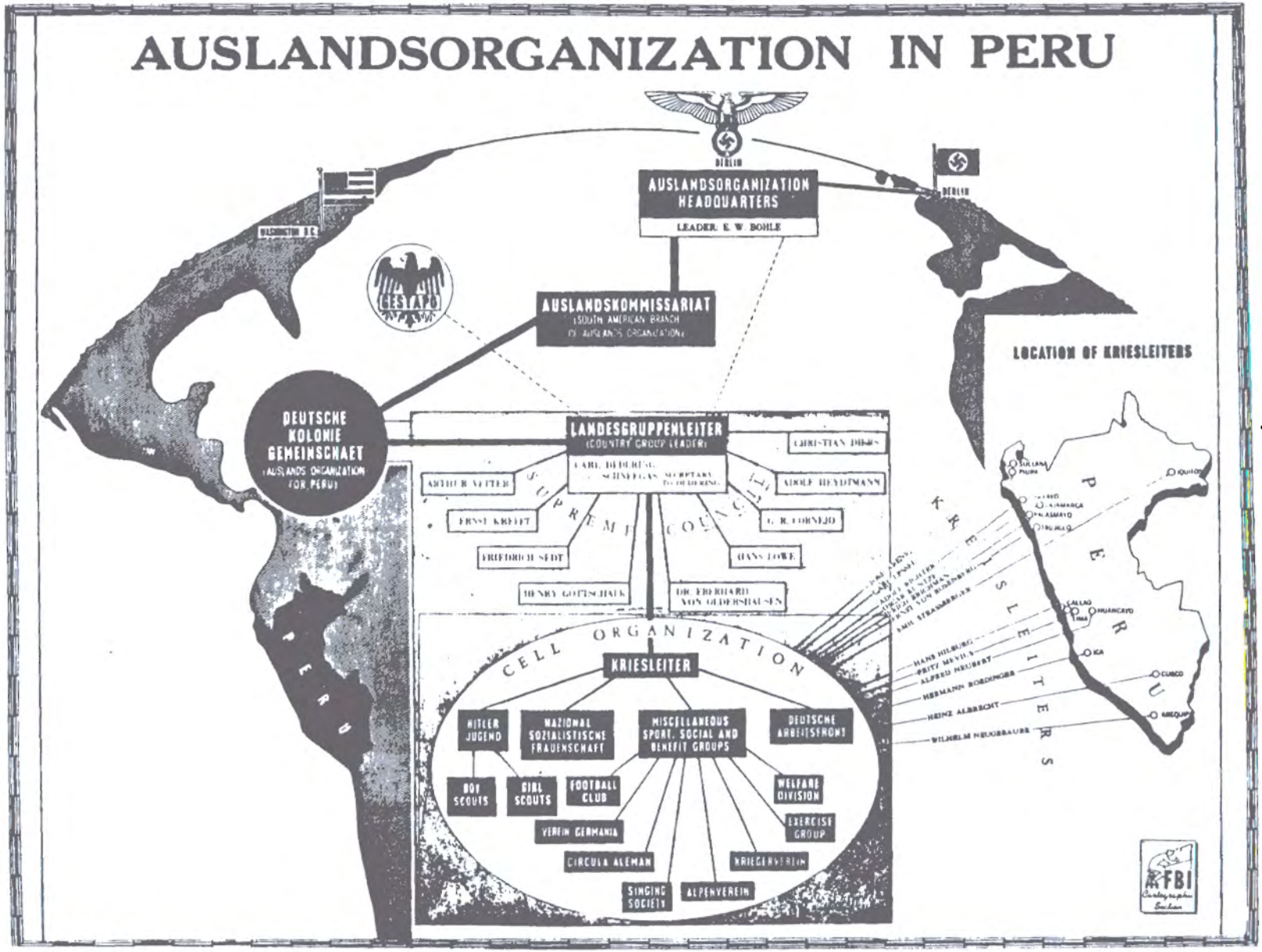

REPUBLIC OF PARAGUAY
NAZI MENACE
(BY DOMINATION OF THE GERMAN RESIDENTS)
Total German Nationals 15,000 - 16,000
GERMAN SOCIAL AID SOCIETY
GERMAN BUND
NAZI PARTY
UNION OF GERMAN SCHOOLS
CONTROL OVER GERMAN NATIONALS
Key
INDICATES CONCENTRATION OF GERMAN NATIONALS
PERCENT OF NATIONALS WHO ARE DOMINATED BY THE NAZIS
PERCENT OF NATIONALS WHO ARE PRO-NAZI IN SYMPATHY
RELIGION AND DEMOCRACY TRIUMPH
CHACO AREA
MENNONITE COLONIES OF FERNHEIM AND MENNO
1942 43 44
60% 40% 10%
60% 20% 10%
ALTO PARAGUAY AREA
PUERTO CASTRE
CONCEPCION
HORQUETA
TEUTONIA
NEUHOFFNUNG
NUEVA GERMANIA
ROSARIO LOMA
CHINSUI LOMA
ANTEQUERA
ROSARIO
VILLA SAN PEDRO
BARRANQUERITA
FRIESLAND
1942 - 44
90%
90%
ASUNCION AREA
ASUNCION
CANADITA
ALTOS
SAN BERNARDINO
NUEVA ITALIA
1942 - 44
50%
90%
1942 - 44
50%
90%
VILLARRICA AREA
SAPUCAI
YGGROS
SEDETIA
VILLARRICA
CARLOS PFANNL
INDEPENDENCIA
1942 - 44
50%
90%
ALTO PARANA AREA
ENCARNACION
NOHENAU
OBLIGADO
BELLA VISTA
JESUS
TRINIDAD
FRAM
CAPITAN MEZA
VILLA ALBORADA
CANDYRETA
STATISTICS BELOW ARE FROM ESTIMATED FIGURES OF OCT. 1943
AREA | 1 | 2 | 3 | 4 | 5
Members of German Bund | 300 | 357 | 310 | 229 | 462
Members of Nazi Party | 10 | 47 | 92 | 41 | 100
Total German Nationals | 3,200 to 3,400 | 1,800 to 2,000 | 3,000 to 3,200 | 2,150 to 2,350 | 4,800 to 5,000

SECRET

SECRET

543

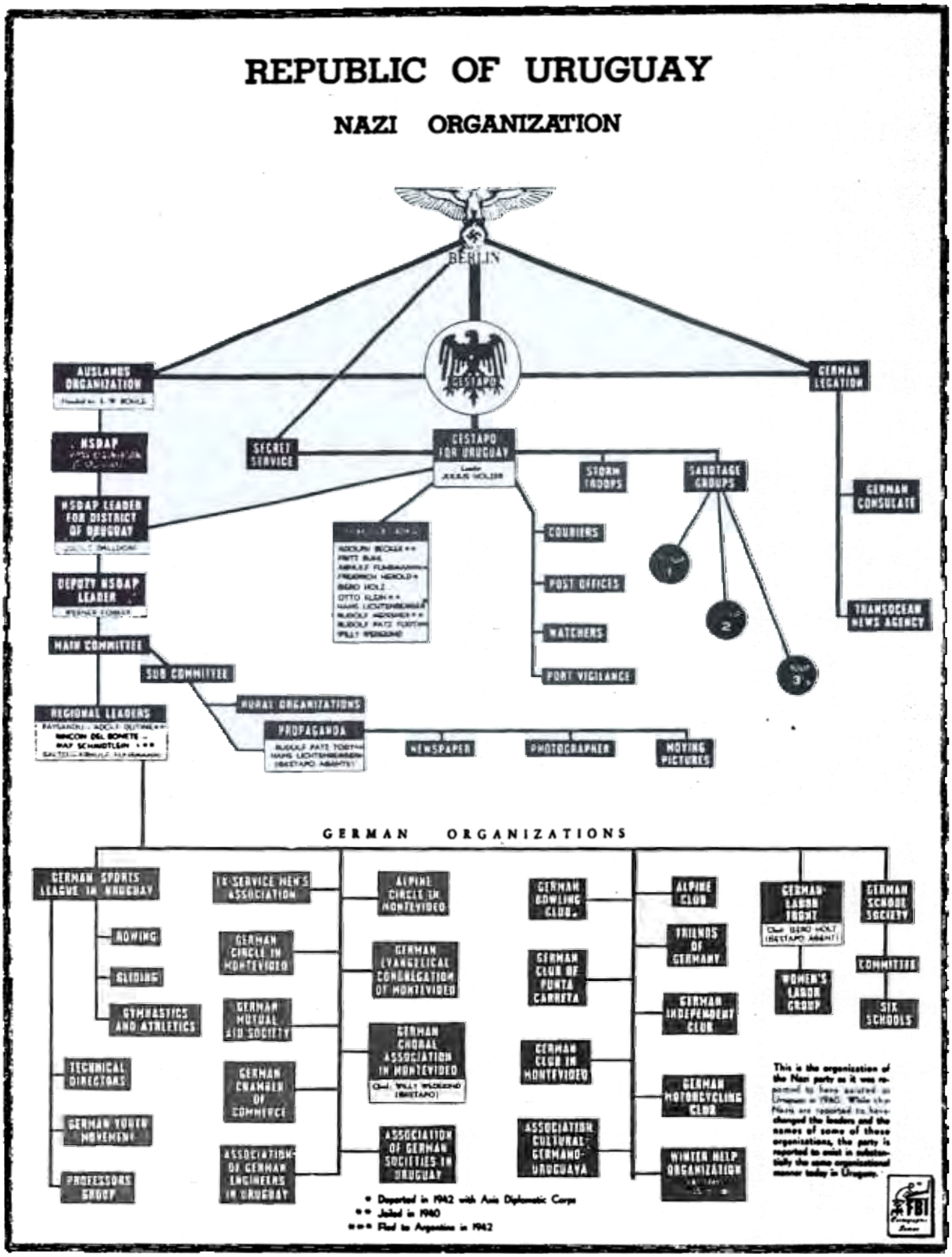
AUSLANDSORGANIZATION IN PERU



SECRET

REPUBLIC OF URUGUAY

NAZI ORGANIZATION



HISTORY OF THE

S. I. S. DIVISION

VOLUME 2
ACCOMPLISHMENT
ARGENTINA - JAPAN

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
J. Edgar Hoover, Director

V. OPERATIONS IN EACH COUNTRY

A. ARGENTINA

1. SIS Facilities and Objectives

SIS coverage in Argentina was inaugurated on September 25, 1940 when the first undercover Agent was sent to Buenos Aires. In the following years coverage was expanded until October, 1943 when 51 Special Agents and Special Employees were assigned to various parts of the Republic. By August, 1946, when the final reduction in staff was inaugurated, there were 10 Agents stationed in that country.

The Legal Attache's Office, which after March, 1946, was known as "The Special Research Section of the American Embassy", occupied space on the 9th floor of the Bank of Boston Building in Buenos Aires. This floor was shared with other embassy offices including that of the Military Attache. In June, 1946, the offices were moved to the Bank of Canada Building where the Naval Attache's Office was also maintained. At the height of SIS activities, Bureau representatives also occupied space in the American Consulates in Bahia Blanca and Rosario. (64-4466)

Due to inadequate coverage, the Allied Nations knew little about what the Germans were doing in Argentina prior to 1940. It was clear, however, from the meager data available that the Argentine was important to the Nazis from an espionage standpoint. As a consequence of the severance of diplomatic relations with the Axis powers by all of the other countries of Latin America, the German operational headquarters for espionage and smuggling in the Western Hemisphere gravitated to Argentina and particularly to Buenos Aires as the last possible location open for the relatively easy conduct of their activities. The importance placed by the Germans on Argentina may be judged from the official German estimate that the Sicherheitsdienst (Civil Intelligence Service) during the year immediately preceding June, 1944, received approximately 1,000,000 Argentine pesos (approximately $250,000 U.S.) from the German Embassy in Buenos Aires. This represented only the payment for one year to one agency alone. (65-1004-A-331)

The objectives of the SIS representatives in Argentina were necessarily adapted to the Argentine situation. Argentina was the last country to sever diplomatic relations with the Axis and it did not become a belligerent on the side of the United Nations until March, 1945. In view of the circumstances and the studied attitude of non-cooperation with the United Nations on the part of the Buenos Aires Government, the fundamental objectives of SIS coverage became the identification and exposure of Axis agents. These measures were intended to curtail and impede the activities of the enemies' agents inasmuch as adequate steps towards the prosecution of Axis espionage, propaganda and smuggling agents could not be expected from the Argentine Government.

8/10/04

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE

CLASSIFIED BY 60267 NLS/MLT/vta
DECLASSIFY ON: 25X (1) 8/10/2029

2. Major Accomplishments

a. German Activities

The principal German espionage activities conducted in Argentina during the early days of the war were controlled by the Abwehr, (Security Division of the German High Command) first under Captain Dietrich Niebuhr, the German Naval Attache, and later under General Friedrich Wolf who was named German Military Attache in Buenos Aires after Niebuhr was declared persona non grata by the Argentine Government. Espionage contacts with Germany were made under the direction of the Abwehr through radio stations in Brazil until that country curtailed German activities by the arrest and incarceration of the leading espionage agents engaged in radio communication with Germany. After the Brazilian outlets for information were closed, other outlets were developed in Buenos Aires by the Sicherheitsdienst (Civil Intelligence Service) under Johannes Siegfried Becker. These services continued to serve both Abwehr and Sicherheitsdienst agents. (65-2804-A)

(1) Buenos Aires Branch of LIR Group The principal radio station serving the German espionage agents in Argentina prior to 1943 was the clandestine station LIR which operated in Rio de Janeiro, Brazil. This case is discussed more fully in the Brazilian section of this memorandum.

SIS representatives were able to identify the leader of the Argentine sub-ring as Ottomar Muller and to follow the activities of his assistants. Muller was originally in charge of German espionage activities in securing Allied shipping information in Buenos Aires. He furnished information to Friedrich Kempter, the head of the LIR Station, for forwarding to Hamburg, Germany. Muller was widely known as a German propagandist in Buenos Aires where he participated in the radio program "Hora Alemana". Due to his known pro-German attitude, early in 1941, orders came from Germany to transfer Muller's ship reporting service to Hans Napp.

Napp had been recruited by Ottomar Muller as a German agent in July, 1940. He took over Muller's ship information service in November, 1941. Napp submitted shipping reports to Kempter until 1942 when it was feared that his activities had become known to Allied agents. He then turned over his activities to Martin Schneider on the approval of Dietrich Niebuhr, the German Naval Attache. Schneider's association with the LIR radio ring was terminated by Kempter's arrest in Brazil, after which time Schneider submitted his reports directly to the German Embassy in Buenos Aires.

The LIR ring was in a position to include sabotage in its activity when Ottomar Muller and Hans Napp hired Alfredo Walter Freiwald to work with the organization. Freiwald was a professional diver and he expressed his willingness to attach time bombs to vessels in the Buenos Aires harbor. This proposal was rejected by the German High Command, however, and Friewald continued to submit shipping report to Muller.

Friewald, Napp, and Schneider were arrested by the Argentine police in November, 1942, but were released shortly thereafter. All three were rearrested together with Muller on January 25, 1944, and all of them were sentenced to two years imprisonment.

The individual who acted as intermediary in furnishing funds from Kempter in Brazil to Napp and Muller in Buenos Aires was Helvecio Ortelli, a Swiss citizen. He was arrested by the Argentine police in 1944, but was cleared of complicity in the espionage activities of Napp and Muller.

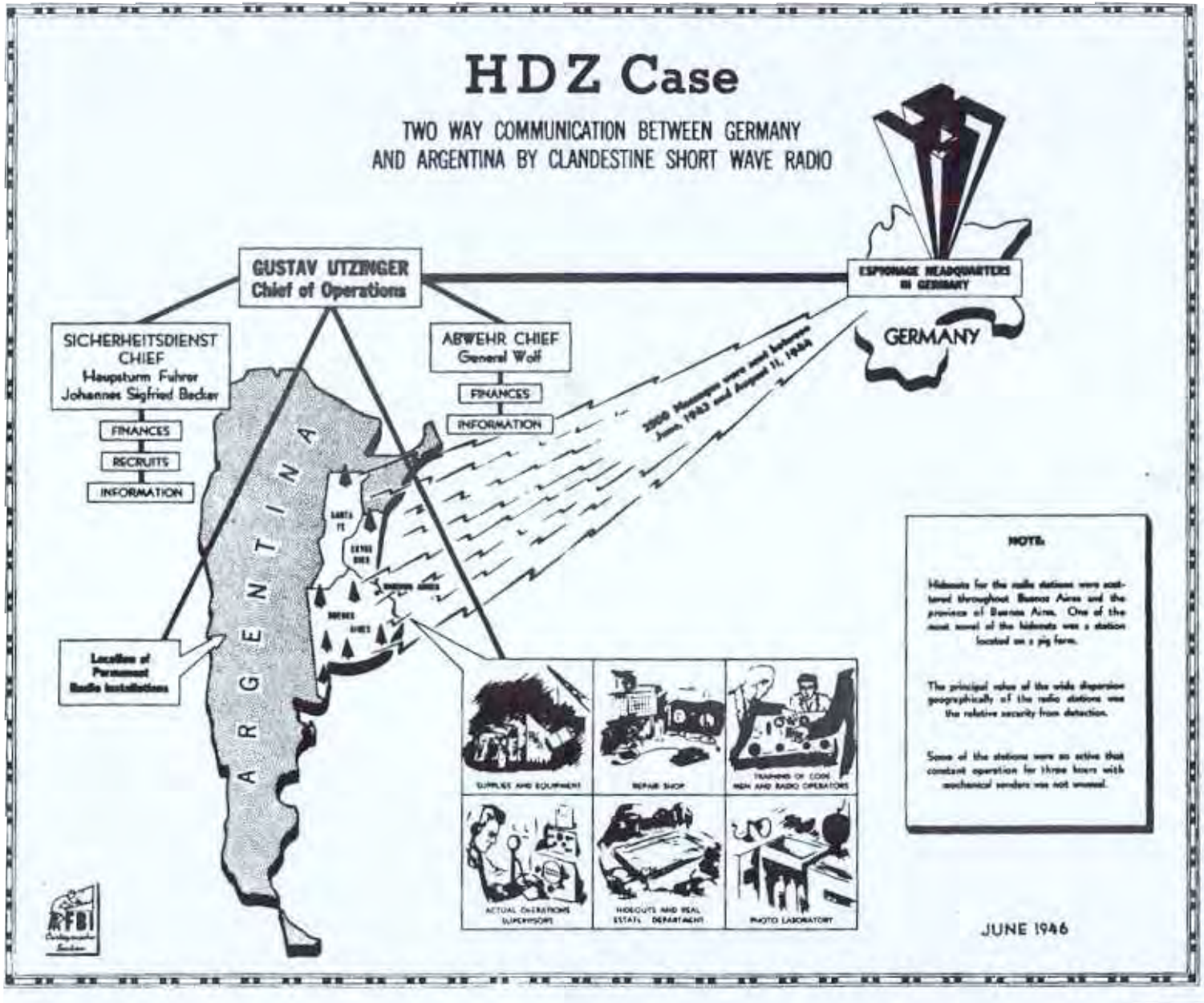
Another individual who was connected with this ring as well as with other German groups operating in Argentina was Jose Mello Alfageme of Buenos Aires. Mello was the contact of both Kempter and Ottomar Muller. In addition to his involvement in espionage activities, Mello was engaged in smuggling strategic materials out of Buenos Aires on Spanish and Portuguese ships. He was also active in the groups endeavoring to aid the escape of the interned sailors from the German Pocket Battleship "GRAF SPEE". He was arrested on numerous occasions by the Argentine police. (64-3012-A-2; 65-35143)

(2) The HDZ Case Following the closing of the German clandestine radio stations operating in Brazil in 1942, the German agents in Buenos Aires began operating a series of clandestine radio transmitters which communicated with German stations near Berlin, Hamburg, and Cologne. The material transmitted by these clandestine radios was not very voluminous until after the Argentine revolution of June 4, 1943. At that time a law was promulgated prohibiting the transmission of coded messages from Argentina. This caused the volume of traffic over the clandestine stations to swell into a semblance of that of a commercial station. This chain of clandestine transmitters was known as the HDZ circuit.

SIS representatives were able to identify some of the most widely known German agents as being associated with this radio system. These included Captain Dietrich Niebuhr, General Friedrich Wolf, Johannes Siegfried Becker, Gustav Utzinger, Heinz Lange, and Johannes Peter Szeraws.

The bulk of the information transmitted by the HDZ station was obtained from periodicals originating in the United States and Latin America. Important timely material would be condensed and forwarded via clandestine radio code while the entire stories would be microphotographed and sent to Germany via an EFE courier. To a large extent, the German intelligence transmission facilities were dominated by the Sicherheitsdienst which was also engaged in political penetration and intrigue in several Latin American countries. As a result, a great number of the communications sent by the HDZ circuit dealt with descriptions of political intrigues in which Sicherheitsdienst agents were involved.

As nearly as can be determined, there were nine different fincas or country places in Argentina on which radio stations of this circuit were operated at various times. As will be noted from the chart of the HDZ case, clandestine transmitters operated at the following country places:


HDZ Case
TWO WAY COMMUNICATION BETWEEN GERMANY
AND ARGENTINA BY CLANDESTINE SHORT WAVE RADIO
GUSTAV UTZINGER
Chief of Operations
ESPIONAGE HEADQUARTERS
IN GERMANY
GERMANY
SICHERHEITSDIENST
CHIEF
Hauptsturm Fuhrer
Johannes Sigfried Becker
FINANCES
RECRUITS
INFORMATION
ABWEHR CHIEF
General Wolf
FINANCES
INFORMATION
ARGENTINA
Localities of
Permanent
Radio Installations
NOTE:
JUNE 1946

1. "Quinta Nona" in Ranelagh
2. "Quinta Mi Capricho" at San Miguel
3. A nameless quinta at San Justo
4. "Quinta Dora" at Tandil
5. "Quinta Elvira" at General Madariaga
6. An unnamed quinta at Paranacito
7. The estancia "El Trebol" near San Cristobal
8. An unnamed quinta at La Heras 1087 in Vicente Lopez, and
9. An unnamed island in the Tigre Delta

Through SIS investigations it was ascertained that the leading spirit behind the HDZ circuit and the corollary espionage rings was Johannes Siegfried Becker. This individual was one of the most important German Agents operating in the Western Hemisphere during World War II. He was responsible for the establishment of several clandestine radio stations in Argentina, Brazil and Chile. He recruited numerous agents and organized them into espionage rings supplying them with money and technical equipment.

A few months after the outbreak of World War II Becker returned to Germany from Argentina where he had been a representative of German commercial interests. Within a short period he returned to South America to assist in the establishment of an intelligence organization. At that time he was in contact with the group which had been organized by Heinz Lange which had been engaged in smuggling Graf Spee sailors back to Germany. During January, 1941, Becker sent Lange to Rio de Janeiro to set up an independent organization in Brazil. In the Fall of 1941, Becker returned to Germany where he entered the Army and served on the Russian Front. The following Spring Becker was recalled to Berlin from the Russian theater and sent to Buenos Aires to reorganize the information service which had largely broken down. His instructions were to place the clandestine communication system in good working order and to improve the efficiency of the intelligence organization.

On his return to Latin America, Becker learned that Heinz Lange was in Chile, Jonny Schneiter was in Paraguay, and that Gustav Utzinger was setting up clandestine radio facilities in Buenos Aires. Becker arranged to finance the entire organization and to develop contacts in Paraguay, Bolivia and Brazil as well as in Argentina. Becker soon had a complete organization consisting of translators, compilers, photographers, radio technicians, radio operators, couriers, and very valuable contacts in the Argentine Government.

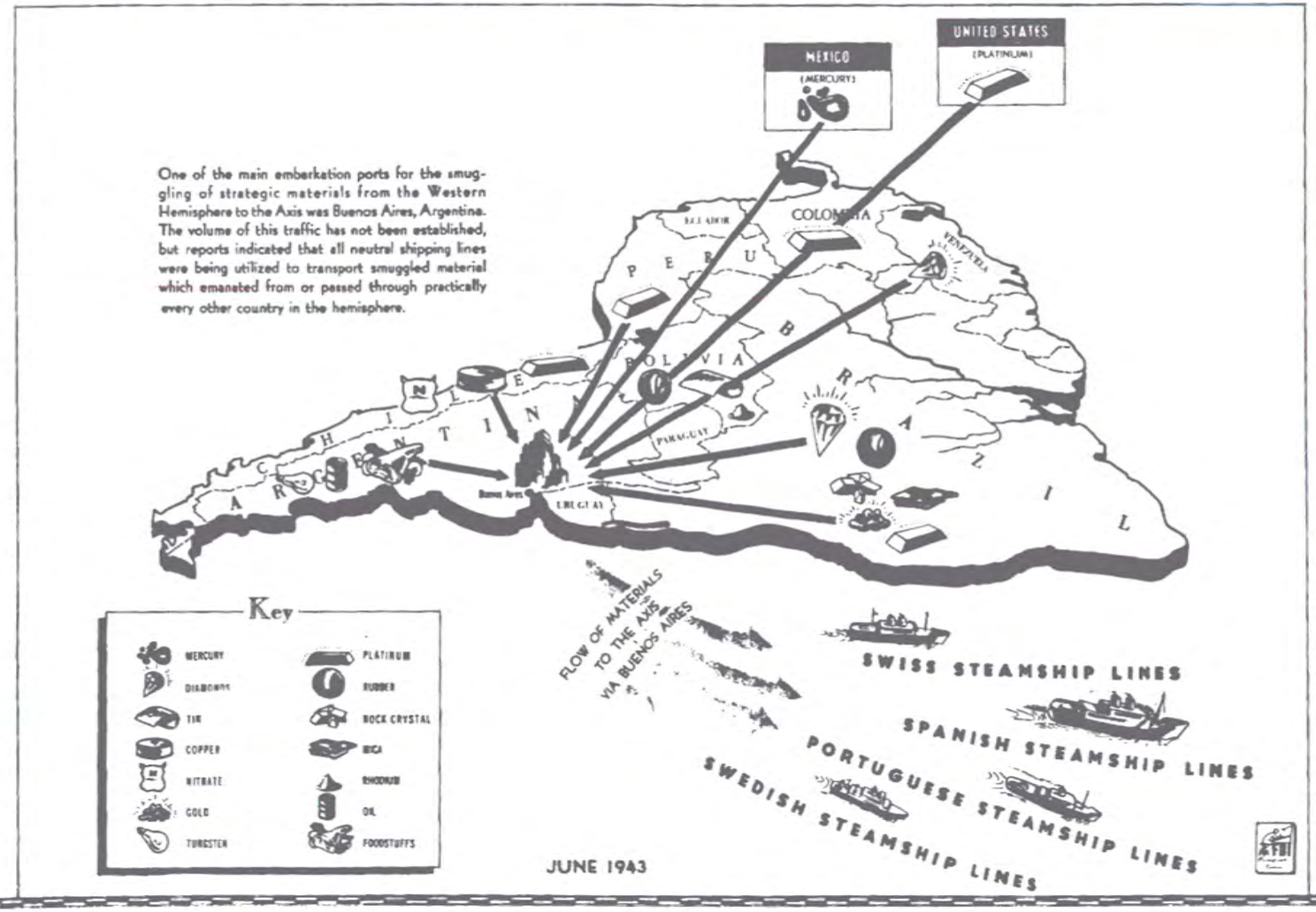
In spite of the great success which Becker achieved as an espionage agent, his real value to the Germans was in the field of political penetration. He developed excellent contacts in Argentina, Paraguay, Bolivia and Brazil.

Practically all of Becker's associates were sooner or later taken into custody by the authorities in the countries in which they operated. When the group was permanently broken up by the Argentine police in 1944, Becker became a very elusive fugitive. He was finally arrested by the Argentine police in April, 1945.

REPUBLIC OF ARGENTINA

BUENOS AIRES

Center For Smuggling to the Axis



SECRET

The technical operations of the HDZ circuit were under Gustav Utzinger. This agent was connected with the CKL espionage ring in Brazil but fled from that country when the Nazi agents were rounded up by the Brazilian authorities. He proceeded to Paraguay where he made numerous contacts with high Paraguayian Army officers including Major Pablo Stagni, Colonel Benitez Vera and Colonel Villasboa. Utzinger was eventually made a radio instructor in the Paraguayian Army. After a short stay in that country, however, he continued on to Argentina where he endeavored to set up clandestine radio equipment. At that time Johannes Siegfried Becker returned from Germany. With Becker's encouragement and money, Utzinger succeeded in opening numerous stations. He operated clandestine transmitters for the group in the German Embassy headed by Captain Dietrich Niebuhr and subsequently by General Friedrich Wolf. Investigation has revealed that during his subversive work, Utzinger used at least seven aliases. His arrest by the Argentine police in August, 1945, permanently broke up the HDZ radio circuit. (65-47120; German Espionage Monograph pp 153-172)

(3) EFE Courier System The EFE Courier System was originally organized by Manuel Perez Garcia, the Falange Police Officer attached to the Spanish Embassy in Buenos Aires. The project had its origin in a plan for a merger of the Trans-Ocean News Service with the Editorial Falangista Espanola (EFE) in the event Argentina should break relations with Germany. In Buenos Aires, however, the EFE was never called upon to act as a propaganda agency and its principal value to the Germans lay in the courier and smuggling ring first organized by Perez Garcia.

It was estimated that during the most active period of this ring it forwarded to Spain four shipments a week of espionage material gathered by Abwehr and Sicherheitsdienst agents. Practically every ship that flew the Spanish flag in transit from Argentina to Spain had abroad a courier carrying espionage information which had been smuggled out of the Western Hemisphere.

Concrete evidence regarding the establishment of a courier system through the EFE was received during the British interrogation of Andres Blay Pigrau, Paraguayan Consul General in Barcelona, Spain, who was arrested October 21, 1942 at Trinidad enroute to Buenos Aires on an espionage mission for Germany. On February 6, 1943, Joaquin Baticon Martinez, another German agent, was arrested by the British at Trinidad and sent to England by way of New York. During his stopover in the United States, Baticon was interrogated by an SIS representative regarding his knowledge of German espionage in Argentina. The information furnished by these two agents formed the basis for an SIS investigation which revealed the existence of what was perhaps the most extensive espionage and smuggling ring in the Eastern Hemisphere operating under the direction of General Friederich Wolf, the German Military and Air Attache, and Johannes Becker, the Sicherheitdienst Chief in Buenos Aires.

ESPIONAGE HEADQUARTERS
GERMANY
GERMAN ESPIONAGE HEADQUARTERS
SPAIN
BUENOS AIRES ARGENTINA
ABWEHR CHIEF
Gen. Frederich Wolf
SICHERHEITSDIENST CHIEF
Johannes Becker
DETAILS OF E. F. S. CASE
Exclusively a method of two way communication between Europe and South America. Through these channels came a flow of drugs for financing the organization, agents for enlarging it and some instructions.
MATERIALS SHIPPED WERE:
Large quantities of microphotographs of classified intelligence material.
Innumerable microphotographs of encoded intelligence from either the espionage organizations or the diplomatic mission in Buenos Aires.
Administrative correspondence
Good Spee personnel. (Largely prior to January, 1943.)
Platinum, concentrates, quartz crystals, mica and industrial diamonds.
8 W. SEIDLITZ
1 E. J. F. LANGER
6 J. PRESTO
7 N. QUINTANA
4 RAMON R. CASTILLO
(PLAIN CLOTHES DETECTIVE OF ARGENTINE MARITIME POLICE)
SCHUCKERT IN BUENOS AIRES)
SPANISH SHIPS WERE USED ALMOST EXCLUSIVELY DURING BUSY TIMES THERE WERE AS MANY AS FOUR SHIPMENTS OF MATERIALS A WEEK
ACTUAL COURIERS HAVE BEEN IDENTI-FIED ALMOST ALL SPANIARDS
FBI

SECRET
235

The early investigation of this case disclosed Manuel Perez Garcia to be the key figure in the EFE organization, in that he supervised the activities of ship couriers serving the Germans in transmitting information and contraband to Europe. Garcia departed from Buenos Aires in July 1943 enroute to Spain to acquire a cipher machine for General Wolf. On the basis of information submitted by SIS representatives regarding his espionage activities he was arrested on August 6, 1943 by the British at Trinidad and taken to England for internment. The questioning of Garcia revealed a wealth of information regarding the operations and personnel of German intelligence in Europe and South America.

The development of two double agents greatly facilitated the Bureau's coverage of this case. In March 1943 Jesus Aguilar Fernandez, a German courier aboard the "CABO DE BUENA ESPERANZA" deserted ship in Buenos Aires to become chief liaison man between Jose Valles, the new Head of the EFE ring who was serving as a Spanish Consular employee assisting General Wolf, and the couriers aboard Spanish ships. Shortly afterwards Aguilar was recruited by SIS representatives as a double agent and through him complete data were secured regarding the smuggling and espionage activities of the ring operating in Buenos Aires. Through his services it was also possible to obtain photographs of the messages and espionage information sent by the couriers. He likewise supplied samples of contraband collected by the group and assisted in substituting innocent material for this contraband in several instances. Aguilar's services in this line were supplemented in the early fall of 1943 when Ramon Quevedo, another member of the espionage ring was also recruited as a double agent.

As an example of the manner in which SIS coverage of this ring worked the case of Jose Olivara del Rio might be cited. Olivara, a radio operator aboard the steamship "Habana," was known by British authorities through a most secret source to be a German courier. No additional information regarding his activities was developed, however, until he was given material in Buenos Aires to carry to Spain on October 1, 1943. This material included a package of coded messages and photographs, and another package containing two kilograms of metal thought to be platinum. On the basis of information furnished by SIS, Olivara was arrested by the British on the high seas off Gibraltar on October 19, 1943 and taken to England. As in the case of other agents previously arrested in this ring, considerable information relative to General Wolf's organization was secured from Olivara. b7

b7

In August, 1944, a development occurred which linked the EFE case with the Mexican Microdot case. These two investigations had previously been considered as involving separate rings. In August 1944, however, one of [redacted] received from Jose Valles, a subject of the EFE case, five envelopes of coded material for delivery to Germany via Spanish maritime courier. These envelopes were described as originating with the Advertising Chief of the German drug firm "Casa Merck" in Buenos Aires. When [redacted] made this material available to the office of the Legal Attache before turning it over to the courier, it was discovered that one of the envelopes contained a 35 millimeter negative of a sketch of a

radiotherapy device. This sketch was almost identical with one which had been sent several weeks previously from Mexico City to Buenos Aires in the form of a microdot. When the microscopic dot letter arrived in Buenos Aires from Mexico, [redacted] intercepted it and turned it over to the office of the Legal Attache before passing it on to his superior, Jose Valles. This incident indicated that the EFE and Microdot cases actually involved a single closely related group of agents in Argentina. This connection between the two rings was confirmed when additional microscopic dot letters from Mexico City were turned over to Jose Valles [redacted]

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After the break in relations between Argentina and the Axis on January 26, 1944, a number of the principal EFE subjects, as developed through SIS investigation and the interrogation of persons arrested by the British, were apprehended by the Argentine Police and held on charges of espionage. Included in this group were Jose Mela Alfageme, smuggling chief of the group; Benito Ramon Amorin, brother of the notorious agent Esteban Amorin; Manuel de Miguel Arrastia, Buenos Aires Chief of the Spanish Falange; Jose Santiago Valles Cruz, espionage liaison officer in the Spanish Consulate; Eugen Juan Frank Langer, assistant in courier operations; Martin Muller, Assistant of General Wolf; Nicolas Moreno Quintana, espionage and smuggling agent; Benjamin Juan Roson, a brother-in-law and assistant of Jose Mela; Wilhelm Von Seidlitz, contact of General Wolf and superior of Eastern Amorin; and Walter Von Simons, well-known agent of the German espionage and propaganda Service. General Wolf, himself, was detained on February 10, 1944, and placed under house arrest, subsequently being released preparatory to repatriation to Germany.

By March 6, 1945, when the last messages were sent by EFE courier, the Bureau through its double agents had covered the delivery of over five hundred pages of coded messages, about four thousand photographic negatives containing economic and political data, numerous letters, two kilograms of Malayan tin, and other material including twenty-two golf balls purportedly containing messages. Samples were also secured of quarts crystals, apparently intended by the group for optical or specialized radio purposes. Through the services [redacted] it was possible to obtain copies of most of the documents transmitted and to substitute materials as in the instance when the ring endeavored to smuggle seven hundred and fifty grams of insulin to Europe. In that case, SIS representatives succeeded in substituting talcum powder for the insulin and the harmless material was smuggled out of Argentina by the EFE agents in the belief that they were carrying the insulin requested by their European principals. (65-20393 and Monograph "German Espionage in Latin America" pp 145-153)

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(4) "GRAF SPEE" Personnel Following the scuttling of the German pocket battleship "ADMIRAL GRAF SPEE" in the harbor of Montevideo on December 1, 1939, 1,046 members of the ship's personnel went to Argentina. By decree dated December 19, 1939, the Argentine Government interned these individuals under various conditions of deprivation of liberty.

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REPUBLIC OF ARGENTINA

GRAF SPEE SURVIVORS

FROM THE GERMAN POCKET BATTLESHIP SCUTTLED BY ITS CREW ON DECEMBER 17, 1939

The crew, numbering 1046 officers and men, was interned in the places listed below.

Due to escapes and 2 deaths, the total at the end of July, 1942 was reduced to 915

PLACE OF INTERNMENT	ORIGINAL TOTAL	JULY, 1942 TOTAL
Buenos Aires	177	148
Province of Cordoba	252	215
Province of San Juan	50	47
Province of Mendoza	100	86
Province of Santa Fe	200	178
Martin Garcia Island (Military Prison)	236	241
Fugitives	31	
Totals	1,046	915

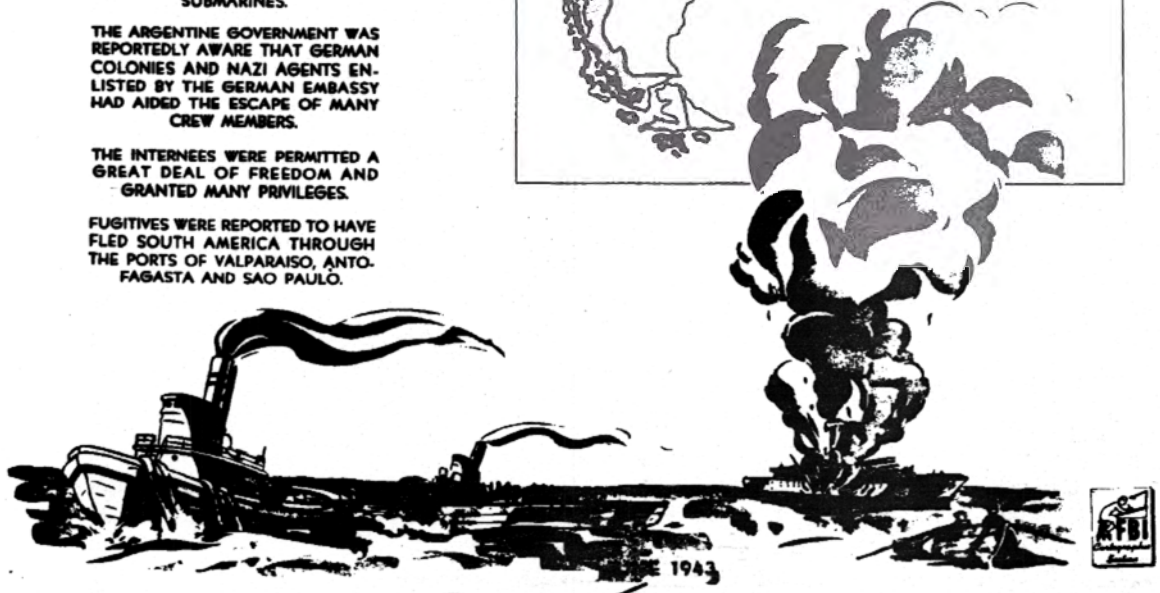


SIX OFFICERS WHO ESCAPED WERE KNOWN BY THE ARGENTINE GOVERNMENT TO HAVE AFTERWARD BEEN IN COMMAND OF GERMAN SUBMARINES.

THE ARGENTINE GOVERNMENT WAS REPORTEDLY AWARE THAT GERMAN COLONIES AND NAZI AGENTS ENLISTED BY THE GERMAN EMBASSY HAD AIDED THE ESCAPE OF MANY CREW MEMBERS.

THE INTERNEES WERE PERMITTED A GREAT DEAL OF FREEDOM AND GRANTED MANY PRIVILEGES.

FUGITIVES WERE REPORTED TO HAVE FLED SOUTH AMERICA THROUGH THE PORTS OF VALPARAISO, ANTOFAGASTA AND SAO PAULO.



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Some of the most important activities of leading German agents in Argentina centered around aiding the escape of valuable men and skilled technicians interned as former personnel of the "GRAF SPEE." Such agents as Jose Mella Alfageme, Eugenio Ellinger Knoll and Heinz Lange were active in aiding the escape of these internees from Argentina to neighboring countries and to Europe.

The Legal Attache's Office in Buenos Aires kept track of the overwhelming majority of these internees. Complete identifying data on the various crew members were collected by SIS and distributed to the interested governmental agencies. Investigations were conducted to locate some of the escapees who were still in the Western Hemisphere. A review made by the Bureau's representatives in Buenos Aires in August 1945, indicated that 155 of these individuals had succeeded in escaping. On February 16, 1946, 850 internees were finally repatriated to Germany aboard the SS "HIGHLAND MONARCH." (65-16112 and German Espionage Monograph pp 110)

(5) Axis Agents Removed from Key Positions in American Firms SIS investigations of Axis activities resulted, among other things, in removing dangerous persons from firms and organizations which were connected with the SIS program.

One such instance was the case of Freda Von Maltsahon Douglas, alias Countess Douglas. This woman was the Chilean wife of the well-known German agent Albrecht Archibald Douglas. She was of considerable interest to the Bureau because of her residence in the United States, her arrest in Rumania in 1940 on espionage charges, and her connection with the German clandestine radio station PYL in Valpariso, Chile in late 1941 and early 1942. Prior to the arrest of the PYL subjects in Chile, Mrs. Douglas disappeared and widespread investigations were made by SIS to locate her.

In November 1942, Mrs. Douglas was found by the SIS representatives in Buenos Aires, Argentina. She was at that time employed by Richard Plummer, Engineer-Director of the Duperil, a subsidiary of the DuPont interests in Argentina. Plummer was also Chairman of the Allied Plant Protection and Anti-Sabotage Committee. Countess Douglas had been acting as his Secretary for a period of seven months. Her previous activities were called to Plummer's attention. The woman was immediately removed from her employment with Plummer and proper precautions were taken in connection with the work of the Allied Plant Protection and Anti-Sabotage Committee.

Countess Douglas was interviewed in Buenos Aires and when confronted with concrete evidence she made a partial confession regarding her activities in connection with PYL and the Santiago espionage ring. She claimed, however, that she had cooperated with the Germans only through threats from the German Embassy in Chile.

In February 1944 Freda Douglas made a complete confession in which she admitted having been recruited by the German espionage chief, Hugo Sebold, in Berlin, Germany in September 1940 while her husband was on an espionage assignment in Sofia. Sebold gave her a mail drop, a cable address and a microfilm containing her individual code.

Mrs. Douglas' removal from her employment as secretary to the Engineering Director of Duperil and the Chairman of the Allied Plant Protection and Anti-Sabotage Committee was due entirely to SIS investigation. Her discharge undoubtedly was of decided benefit to the Allied war effort in Argentina. (65-29939)

Another instance in which SIS investigations resulted in removal of a pro-Axis individual from a company closely connected with the Bureau's SIS program was that of Hans F. Kupfer. This individual had been employed by [redacted] for ten years and during the early 1940's he was Manager of the Buenos Aires Branch of that company. It was known that Kupfer was German but no information had been received by his company reflecting upon his political integrity. b7D

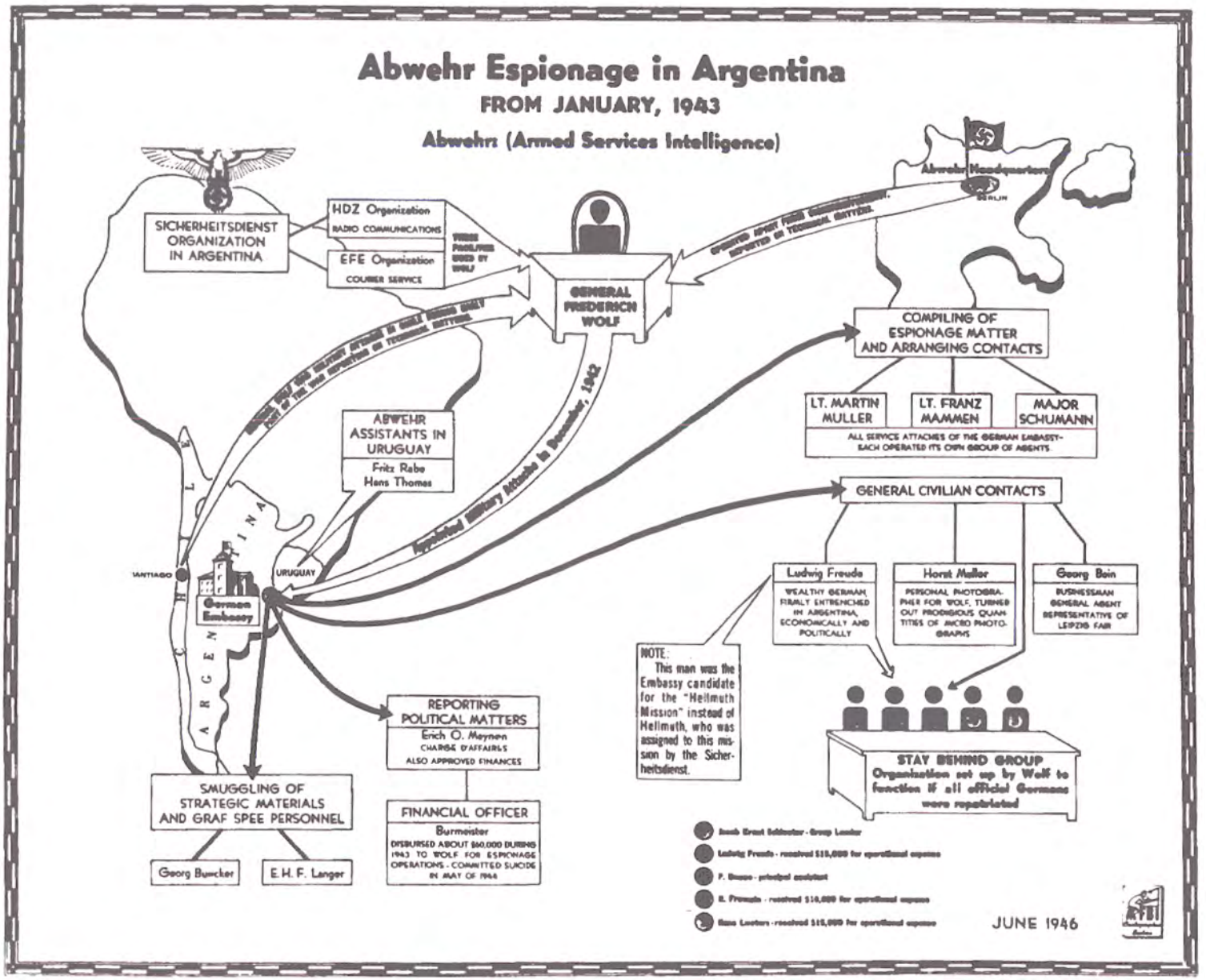
It has been previously pointed out that [redacted] was utilized by the Bureau as a cover company and as such it was very important that the loyalty of the company officials with whom the Bureau's representatives came in contact be determined. Through investigation by one of our SIS representatives it was ascertained that Kupfer was strongly pro-Nazi and that he not only distributed Nazi propaganda but also utilized his position with [redacted] to the detriment of the United States. The information developed concerning Kupfer was brought to the attention of the headquarters office, [redacted] in New York City and Kupfer was immediately discharged. His removal from this position, which was of prime importance to the Bureau's SIS program and to the welfare of one of the large well-established American companies in Argentina, was achieved before he succeeded in doing either the SIS program or his company any particular harm. (64-4386-14; 64-2804-A)

(6) The "Stay-behind Group" Johannes Siegfried Becker successfully eluded the Argentine police in spite of all efforts of personnel in the Office of the Legal Attache to be of assistance to them, until April of 1945 when he was taken into custody. At the time of his arrest, he had been a fugitive for thirteen months. Becker furnished several declarations about his activities during the five years in which he had been operating. His war experiences read like an Oppenheim novel.

With the arrest of Becker, all of the German agents of any importance in Argentine had been detained. There remained the so-called "stay-behind group" set up by General Friedrich Wolf, German Military Attache, prior to his repatriation to Germany in July of 1944. This group was led by Ernst Schlueter and its activities had been closely followed by the Legal Attache's Office.

EARLY ABWEHR ESPIONAGE IN ARGENTINA
PRIOR TO JANUARY, 1943
Abwehr: (Armed Services Intelligence)
Principal Activities
DIETRICH NIEBUHR
Abwehr Headquarters
VENEZUELA
COLOMBIA
ECUADOR
PERU
BOLIVIA
PARAGUAY
CHILE
ARGENTINA
BRAZIL
KEY
1. Werner Waltemath
2. Paulo Grieve
3. Alfred Vollers
4. J. Scherf
5. Hans Eggers
6. Hans Bielow
7. Walter Giese
8. Hans Napp
9. Ottmar Moller
10. Lothar Von Richenbach
11. Ebracio Ostelli
12. Martin Schroeder
13. Walter Friewald
14. Thilo Martens
15. Fritz Rabe
16. Hans Thomas
17. Baron Von Rolland
Jose Mallo Alfageme
Espionage Agents
Shipping Ports
EMBASSY PERSONNEL
Lt. Martin Muller
Franz Mesmer
Major Ausmeir
Captain Heinz Junge
Major Krischer
Wilhelm Von Pochammer
Eugen H. F. Langer
Otony Boecker
JUNE 1946

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Ernst Schlueter was originally an employee of the Banco Germanico in Santiago, Chile. At the time of the disclosures of the PYL espionage case in Chile, Schlueter fled to Argentina. He had been in touch with General Wolf when the latter was assigned to the German Embassy in Santiago. Accordingly, in Buenos Aires he again contacted Wolf who undertook to train him to take over the activities of the German Intelligence Service after the inevitable repatriation of the diplomatic personnel of the German Embassy in Buenos Aires. Schlueter and his principal assistant, Horst Busse, were trained in the German Embassy in Buenos Aires by Lieutenant Martin Muller and Franz Mammen. The training began in mid-1943 and continued until March or April, 1944, at which time Wolf turned over his organization to Schlueter and made arrangements for the financing of Schlueter's activities. Schlueter's principal assistants, in addition to Busse, were Rolf Waehling, Hans Thomas, Kurt Linne, Franz Holzmann, Hans Grotewold, Alberto Mirkin, Armando Cosani, and Arnold Starck.

The extensiveness and expensiveness of this organization was out of all proportion to its effectiveness. It may be said that no information whatever of any value was ever forwarded by this group to Germany. The manner in which the organization was financed, however, is one of its most interesting phases.

Shortly before the departure of Wolf and the Embassy group, Wolf distributed sums of money among various "good" Germans. To Ludwig Freude, a very prominent German businessman in Argentina, Wolf delivered the sum of 80,000 pesos. Like sums were turned over to Dr. Conrad Riedel and Hans Lueters. Forty thousand pesos were turned over to Friedrich Frohwein, and a like sum was delivered to Alberto Mezger, who was an early associate of Franz Buchenau, principal member of the Microdot Case in Mexico City. All of these depositories were given the same instructions concerning the delivery of funds. They were told that they would be approached by an individual giving the password "Die Dogge Diana." On the receipt of this password, the depositories were to surrender any amount of money requested by the user of the password. Actually, it appeared that only Schlueter and Busse ever withdrew funds from any of the depositories. They withdrew approximately 100,000 pesos between July of 1944 and March of 1945.

Information concerning Schlueter and his group was furnished to the Argentines on a confidential basis by both the British and Americans. Numerous members of the organization, including the financiers, were detained by the Argentine police between April, the last date of any activity on the part of Schlueter and his group, and September, 1945. However, by September the police had not succeeded in locating Horst Busse, Hans Thomas, or the ringleader, Ernest Schlueter. The Legal Attache was approached by the Argentine for assistance. Through particularly creditable work on the part of one of the SIS representatives, an informant of the Legal Attache "set up" Thomas, Schlueter and Busse for the Argentine police. This entire organization, with the exception of Rolf Waehling, was repatriated to

Germany on the SS "HIGHLAND MONARCH" on February 16, 1946. The group was interrogated in Germany by an Agent of the Bureau at the urgent request of the State Department.

One of Schlueter's assistants, Arnold Starck, was responsible for the operation of what is thought to have been the last German clandestine station in the western hemisphere. At the cost of some 7,000 pesos, Starck had constructed a clandestine transmitter for Schlueter who was most anxious to reestablish radio contact with Germany. Under the nose of the Argentine police, Starck and Schlueter managed to secure from Gustav Utzinger, who was in jail, in Buenos Aires, full details about hours of transmission, call letters and wave lengths for maintaining contact with the German stations. The calls heard in January of 1945 were never answered and Starck and Schlueter subsequently asserted that they were completely unable to establish a contact with a German station. There is no information available from Europe to contradict this testimony of Starck and Schlueter. (64-24547; 64-56609; 64-3804-A)

b. Japanese Activities

Japanese subversive activities in Argentina followed closely the pattern of procedure carried out by the Japanese in other Latin American countries. Because of their number and relatively prosperous business connections, their efforts to aid Japan in Argentina were greater than in other countries. These efforts, however, were not highly successful.

Japanese propaganda activities were carried on through the three Japanese language newspapers and the Japan Tourist Bureau. In October 1943 this Bureau was amalgamated with the Toa Travel Bureau to form a new agency known as the Toa Communications Company (Toa Kotsu Sha). The agency, however, ceased to be active after March 1944 following the rupture of diplomatic relations between Argentina and Japan.

Japanese intelligence operations in Argentina were fostered by the Japanese Embassy which served as the guiding hand for the collection of information relative to the United States. While these espionage rings were not as active or as important as their German counterparts, their dissolution removed an active menace to the United Nations war effort from the Western Hemisphere. The following were the principal espionage cases centering in Argentina which were developed and followed by the Bureau's representatives in Latin America.

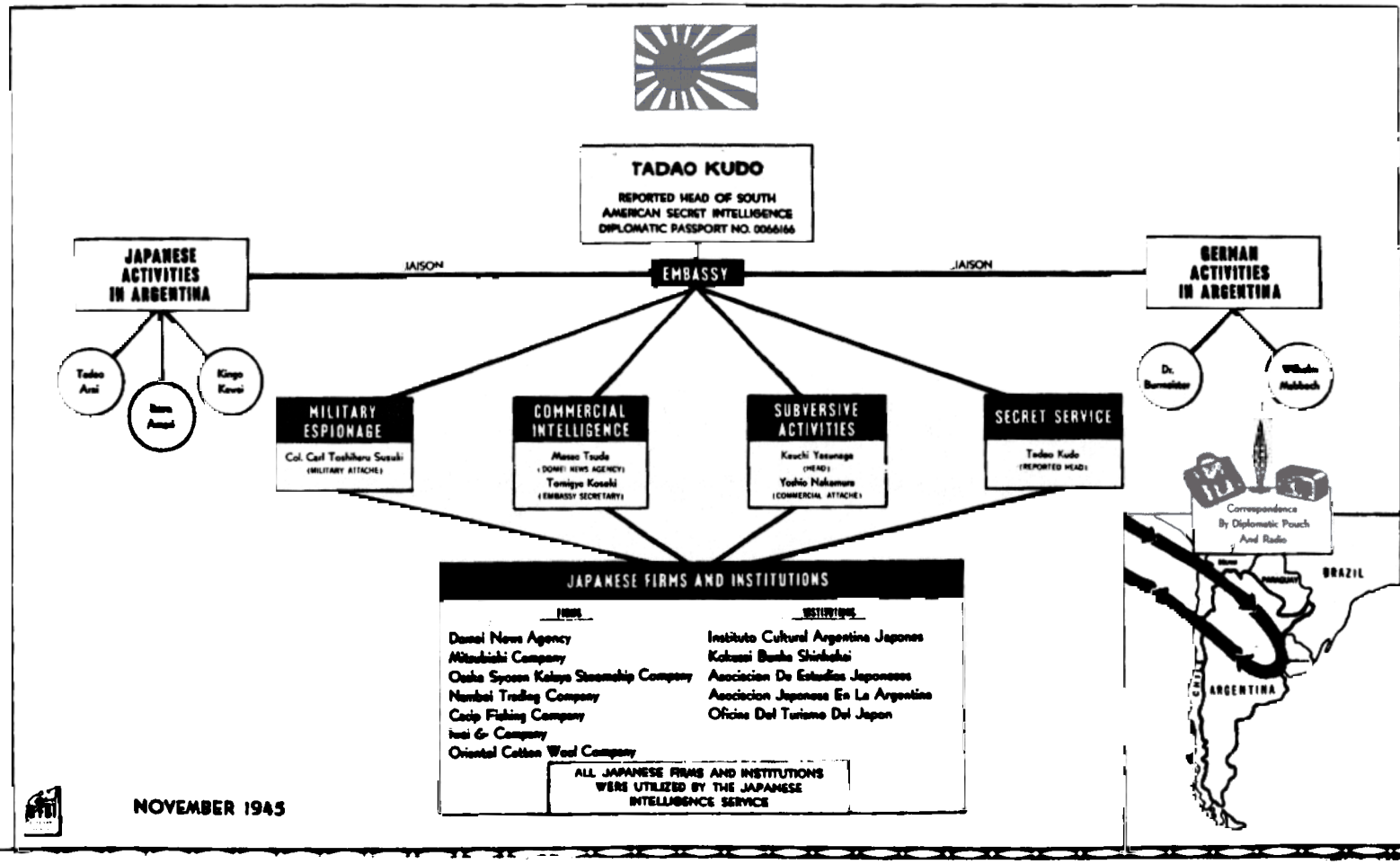
(1) Tomiya Koseki and Shozo Murai Directed Espionage Activities. SIS representatives in Buenos Aires, Argentina, developed an informant in a Japanese espionage case centered principally in Buenos Aires and Santiago, Chile. This case involved the use of couriers between these two cities for the transmission of messages. During the investigation of this case, a widespread plan for the sabotage of British and American vessels was uncovered. Before the case was closed, a Chilean national who was one of the principal subjects also involved the original informant and it was develop-

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245

REPUBLIC OF ARGENTINA

JAPANESE INTELLIGENCE SERVICE



NOVEMBER 1945

SECRET

ed that the information furnished by this latter individual was supplied because his services to the Japanese had been terminated under conditions which made him resentful.

This espionage ring was directed by Tomiya Koseki, a Secretary, and Shozo Murai, the Civil Attache, both assigned to the Japanese Embassy in Buenos Aires. Investigation disclosed the connection between Murai and Chilean and Argentine nationalist elements in Argentina. One of these Chilean nationalists, Carlos Santa Cruz (Problete), was employed by Murai as an espionage agent at the salary of five hundred Argentine pesos per month.

Before going to Buenos Aires in March 1942, Santa Cruz had been an active member of the Chilean Union Nacionalista and left Chile as a correspondent for the Union Nacionalista publication "Veinte Naciones" and as contributor to the Japanese propaganda magazine "Mirando al Oeste." These two periodicals were edited by Santa Cruz' cousin in Santiago, Alberto Veloz (Santa Cruz). On arrival in Buenos Aires, Carlos Santa Cruz obtained employment with the nationalist newspaper "Crisol" and became friendly with members of Argentine nationalist organizations.

Alberto Veloz (Santa Cruz), an older man reportedly born in Toyko and resident there for eight years, maintained contact with the Japanese in Chile. Considerable correspondence between Veloz in Santiago and Carlos Santa Cruz in late 1942 and a large part of 1943 shows that these two acted as mail intermediaries for the Japanese. Luz Poblete Ortega de Santa Cruz, the mother of Carlos Santa Cruz, was also reported to have acted as a mail intermediary for the same group.

The espionage work performed by Carlos Santa Cruz for the Japanese appears to have centered around the gathering of information on allied shipping, particularly the names, characteristics, armament, cargo and destination of the ships in Buenos Aires harbor.

According to information received during the early stages of this case, the Japanese claimed to have a contact in nearly every American Embassy in South America. The investigation did not bear out this allegation, but on August 8, 1943 Carlos Santa Cruz received a package sent from Chile which was designated for "Javier", the cover name of Shozo Murai, at the Japanese Embassy. This package contained one hundred eight sheets of official United States Embassy document paper. One of the sheets was obtained and forwarded to the FBI Laboratory where it was determined through comparison to be genuine United States Embassy document paper, embossed with the same master seal as that used on the standard Embassy paper.

During the course of the investigation of this case it was ascertained by SIS representatives that the group functioning under Tomiya Koseki and Shozo Murai intended to embark upon a program of sabotage of American and British ships. This program involved presenting American and British seamen with mementos of their visits to Buenos Aires in the form of statues of the Virgin de Lujan. These statues were described as being filled with incendiary chemicals which, after a lapse of sufficient time, would cause fire aboard the vessels. This plan, however, did not materialize.

On May 5, 1944, Carlos Santa Cruz was arrested by the Argentine Federal Police for espionage. He subsequently returned to Chile where he was contacted [redacted] This project did not develop, however, as Santa Cruz was unable to get in touch with active Axis Agents. b7C

It is of interest to note that, in Santiago [redacted] advised the Bureau's representatives that [redacted] who had furnished the Bureau's representatives the original information regarding [redacted] and had supplied a great deal of false information regarding [redacted] and his mother's activities on behalf of the Japanese, had originally himself been employed by the Japanese in Buenos Aires. According to [redacted] however, [redacted] lost his position with the Japanese when, prior to being sent to Bolivia, he appeared at the Japanese Embassy in an intoxicated condition. His dismissal by the Japanese apparently made [redacted] bitter and he turned in to Bureau representatives a great deal of information regarding [redacted] some of which turned out to be reliable. (64-21209) b7C

(2) Henri Catherin Gravet. This individual first became a figure of interest when information was received from Bureau source that he was traveling from Spain to Buenos Aires aboard the SS "CABO DE HORNOS" in May 1943. At that time it was indicated that Gravet was to act as an Axis espionage agent in the Western Hemisphere.

Gravet was a Frenchman who formerly held a minor diplomatic position in the Guatemalan Consulate in Spain. Information was received that he was to act as a Japanese agent in the United States using the cover of a Guatemalan diplomatic official. The plan was for him to continue on from Buenos Aires to Guatemala City where the cover would be arranged and thence to some city in the United States, probably San Francisco, California.

Gravet arrived in Buenos Aires on March 11, 1943 and was kept under surveillance by the Bureau's representatives until the date of his departure in November of the same year. The communications to his principals in Spain were intercepted and it became evident that Gravet no longer wished to continue the original plan and desired to return to Spain. Permission was given him by his principals and after leaving Buenos Aires en route to Spain he was apprehended by the British at Trinidad, B.W.I.

He admitted having been recruited for espionage work by the head of the Spanish Intelligence Service in Madrid but denied having known that he was in fact to work for the Japanese Government until he was contacted as previously arranged by an individual named Elias Jofre in Buenos Aires. At that time he was advised by Jofre of his expected participation in Japanese intelligence and given $3000 U.S. currency for his proposed espionage services. [redacted] by Bureau representatives in Buenos Aires. (44-23401)

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This interrogation bore out information previously developed regarding Elias Jofre. Attention was first directed to this individual when it became known to SIS representatives in Buenos Aires that he was receiving trade communications from the United States and furnishing them to the Japanese Embassy. It was then ascertained that Jofre was in close contact with individuals in the Japanese Embassy, principally Shozo Murai, the Civil Attache. Surveillances also had shown his association with Henri Catherin Gravet. Jofre was arrested on February 15, 1944, by the Argentine Police. (64-23401; 64-28146)

(3) Japsa Network. This case involved a Japanese espionage ring which operated principally in Argentina, Brazil and Chile, but which in its entirety amounted to a Western Hemisphere intelligence ring and was known to have operated in Bolivia, Peru, Chile, Argentina and Brazil, with ramifications in Dallas, Texas and New York City. Prior to January, 1944, the information gathered by this ring was funneled into the Japanese Embassy in Buenos Aires by diplomatic means. From there the information was sent by cable, radio or telephone as well as by diplomatic pouch to Tokyo. On January 28, 1944, communications with Japan were cut off by the Argentine Government and Japanese intelligence activities were sharply curtailed. This ring operated principally through Japanese commercial firms and representatives. The correspondence was sent in various Japanese codes. Some of the communications showed that salary payments for two of the agents emanated from the United States.

In September 1942, two letters were intercepted from Buenos Aires, Argentina, one addressed to Dr. Alberto Telles and the other to Dr. Ary Figueira, both in Rio de Janeiro, Brazil. Both letters were subsequently determined to have been written by the same individual. Each letter had an enclosure which was ultimately destined for one Hayao, a former secretary in the Japanese Embassy at Rio de Janeiro who after the severence of relations represented Japanese interests in the Spanish Embassy in that city.

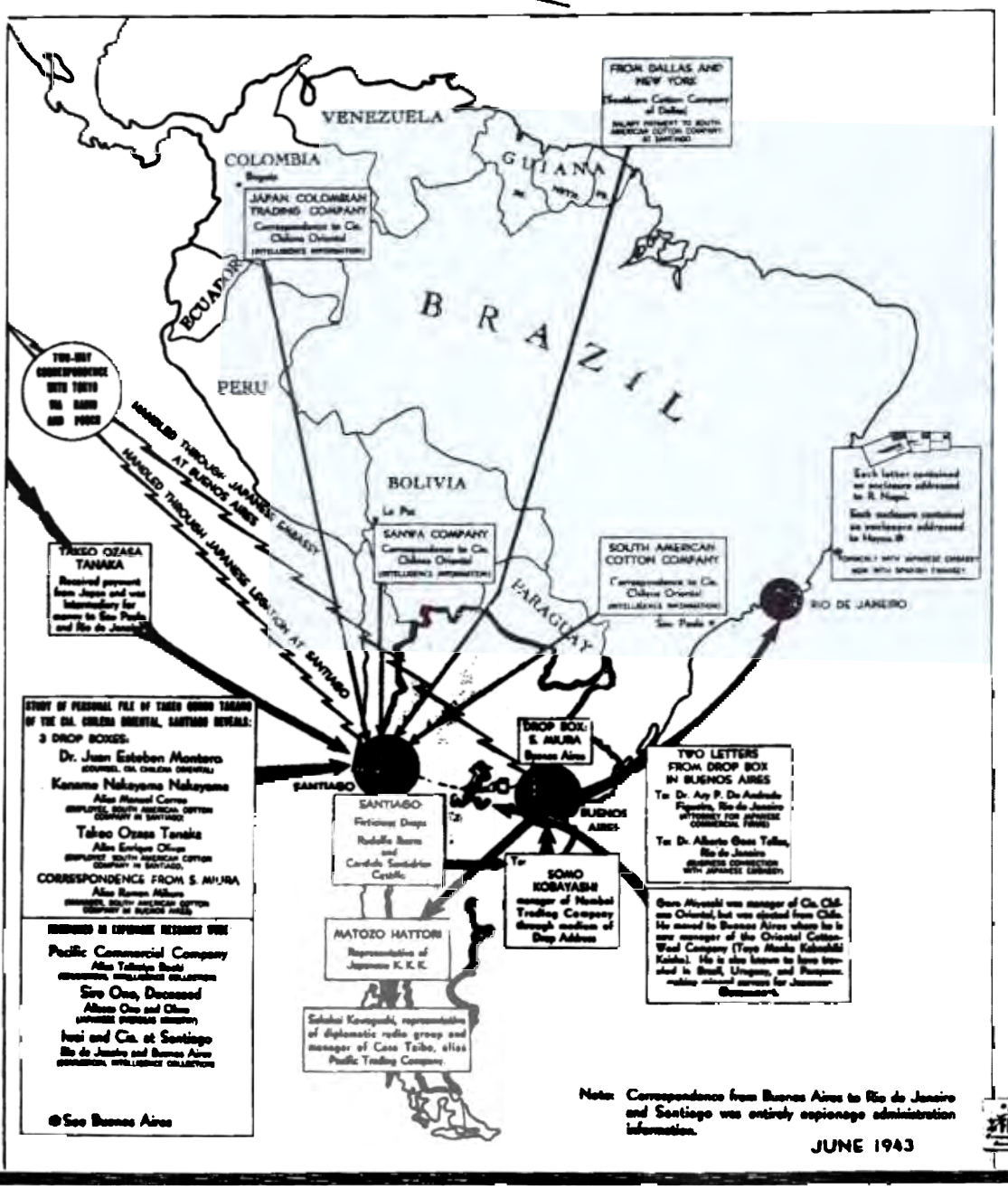
One of the principal SIS sources of the Japanese coded messages in Buenos Aires was [redacted] was formerly associated with Japanese [redacted] and agreed to forward communication for various [redacted] with the proviso that he should be allowed to examine those communication to make sure that they pertained to legitimate [redacted] and did not involve espionage. When [redacted] discovered that some of the communications being forwarded through him were in code he refused to forward the letters to the addressees and eventually turned them over to the Bureau's representatives. b7C

The Bureau's representatives in Santiago, Chile also obtained photographs of correspondence from the files of Japanese named [redacted] of the Compania Chilena Oriental, a Mitsui subsidiary. Included in this correspondence was a letter written on the same typewriter as the Telles and Figueria Letters. This communication was from one S. Mirua of the b7C

REPUBLIC OF ARGENTINA

THE JAPSA ESPIONAGE CASE

~~STRICTLY CONFIDENTIAL~~



Buenos Aires branch of the South American Cotton Company to his agent Tanaka in Santiago, Chile, and pertained to the correct manner in which intelligence reports should be submitted. Other communications furnished correct new cover names and addresses which were to be used by the ring.

Additional correspondence from the Takana files showed that after June 1941 the salaries for Ozasa and Nakayana, two employees of the South American Cotton Company in Santiago, Chile, were to come from the New York Office of the Company in accordance with instructions from the Home Office in Japan.

Other material in this correspondence covered the procurement of diversified economic intelligence information regarding the United States through branch offices of the company at points all over Latin America and through the use of Japanese commercial firms masquerading under Spanish cover names. It is of interest to note that one of the items obtained by this espionage group was a detailed write-up of the Office of the Coordinator of Inter-American Affairs with a chart of the officials and their duties.

On February 10, 1943 another letter containing a secret message was sent from Buenos Aires to a known espionage drop box in Santiago, Chile. This letter related to the explanation and confirmation of messages sent by the Japanese army and commercial radios, and further concerned the financing of espionage agents. It also mentioned several Japanese agents and commercial companies who were already the subjects of SIS investigation. The delivery of the letter was covered by SIS representatives and it was determined that communications were picked up by a previously reported espionage agent, one Motozo Hattoi, a representative of the Japanese KKK in Chile and a close associate of the staff of the Japanese Legation.

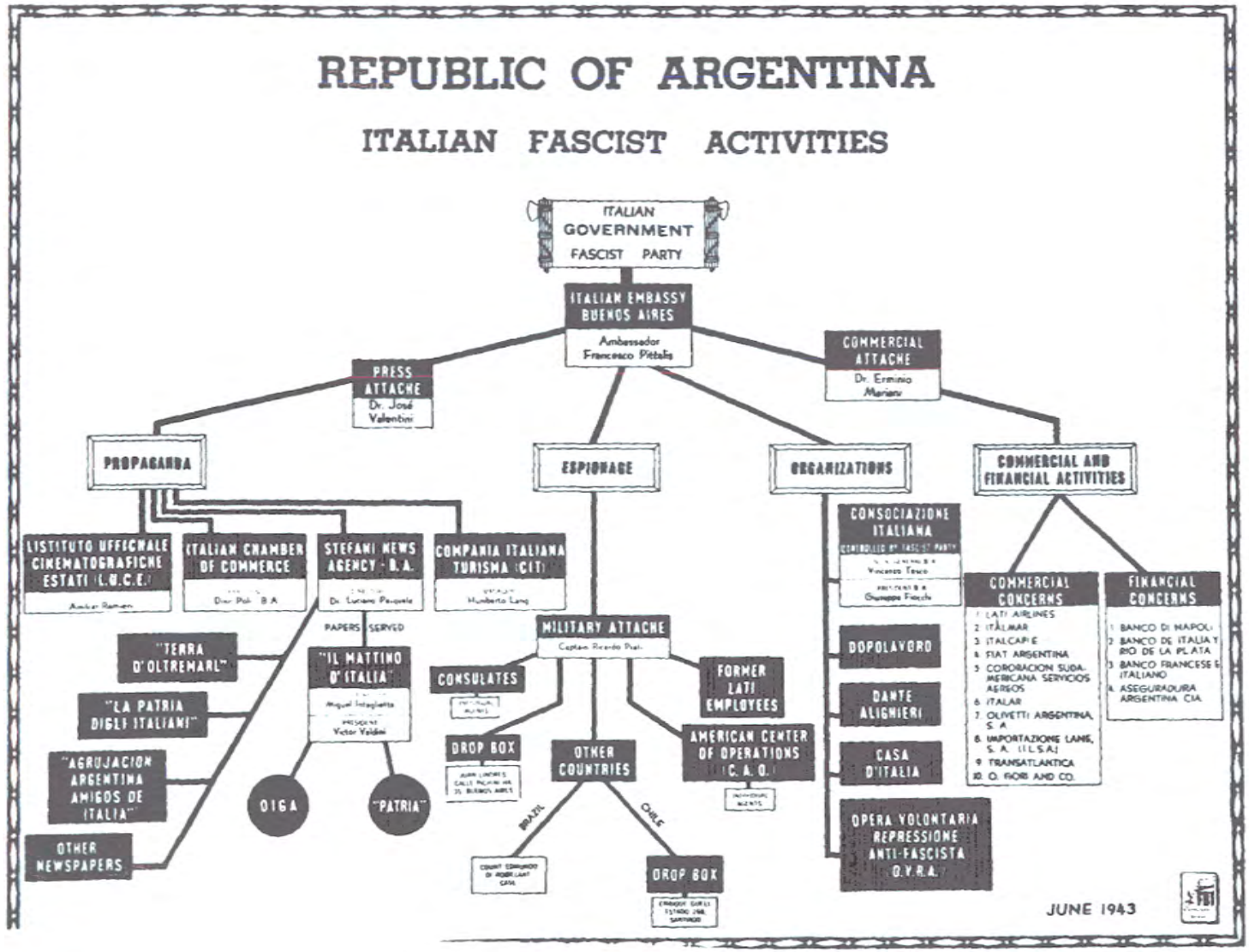
In Argentina the principal subjects were two Japanese named Isoma Kobayashi and Suekazu Miura. The first was Managing Director of Nambei, Mitsui Argentina in Argentina. Miura was the Argentine representative of the Japanese Cotton Poyo Memka Kaisha, which was closely associated with Mitsui.

During 1944 the activities of this ring were broken up by the repatriation program in Peru, Chile and Colombia, and the severance of diplomatic relations between Argentina and Japan which eliminated the last espionage foothold the Japanese maintained in the Western Hemisphere. (64-20032)

c. Italian Activities

That the espionage efforts of the Italians in Argentina were relatively futile, in spite of the fact that a large percentage of Argentina's population can trace its origin to Italy, is perhaps a commentary on the inefficiency of the Italians as organizers and collectors of intelligence. The espionage efforts made by the Italians in Argentina were feeble and largely ineffectual. Due to the racial ties between Italy and Argentina,

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however, these efforts remained a genuine potential danger and SIS representatives were careful to follow them largely as a measure of precaution. In the case of the Italians, as well as that of the Germans and Japanese, the principal objective of SIS coverage was the identification and exposure of the intelligence agents. The principal problems of coverage, of course, occurred prior to August, 1943, when Italy capitulated. After that time it was possible to secure the cooperation of several of the known agents and through them to complete the data previously collected by SIS representatives and also to prevent their assisting the German intelligence operators who continued to function.

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Bonassi obtained a radio transmitter for Bidone and established him at the address of the perfume shop at Calle Rivadia 5695, Buenos Aires, with the assistance of Mario Gomez, and Bruno Perpetuo Bigotti. Both of these individuals worked with Bonassi in the cover firm of Luis Bonassi and Company and assisted him in his espionage activities. The shop where Bidone operated was run by Bigotti's wife. (64-20251)

Another Italian espionage ring was formed in Argentina, by Andres Angel Bonzo, who left Rome, Italy, after a period of training in May, 1942. He went to Argentina accompanied by his radio operator, also a non-commissioned officer in the Engineers Corps, named Jose Carlos Trotti, whose true name is Zaffarella. Bonzo is a native Argentine, having been born in Chivilchoy, Argentina. He was also a member of the Italian Army Reserve and was called

to active duty upon the entry of Italy into the war. At his own request, he was assigned to Argentina for the purpose of establishing an intelligence service. Bonzo was instrumental in obtaining the necessary documents for Bonassi, Trotti and Bidone from the Argentine Consulate officials in Rome for their travel to the Western Hemisphere.

During the time that Bonzo was in Buenos Aires, he enlisted the services of Louis Ismael Romero to travel to Rio de Janeiro, Brazil, to act as an espionage sub-agent. This individual reported to Bonzo a considerable amount of information concerning Allied ship movements out of Brazil, but because of the fact that the information was received by Bonzo and turned over to Captain Ricardo Prati, his superior in the Italian Embassy, too late to be of any value, Romero was recalled to Argentina.

After the death of Commander Torriani of the Italian Embassy, through whom Bonzo had obtained financial assistance, he was severely restricted in the amount of money made available to him for carrying espionage activities. As a result, he decided to return to Italy to have his position more clearly defined. Bonzo sailed from Buenos Aires on August 14, 1943, aboard the SS "MONTE ALBERTIA" for Spain, but was apprehended en route by the British authorities at Trinidad, B.W.I. He was subsequently taken to London where he was interrogated and furnished the complete details as to his recruitment and training in espionage work, as well as his activities in the Western Hemisphere. His statements confirmed the information obtained by SIS representatives relative to his activities in Argentina. (64-20251)

Another important Italian espionage agent whose activities were covered by SIS representatives was Angelo Pozzi, who was active in Brazil and Argentina. This individual had been a member of the Italian Armistice Commission in Marseille, France, prior to his arrival in the Western Hemisphere in the summer of 1942. After his arrival in Buenos Aires he was in contact with both Andres Angel Bonzo and Luis Bonassi. SIS covered Pozzi's activities until the summer of 1943 when he contacted

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[redacted] This plan failed, however, and Pozzi remained in South America. The information develop by SIS regarding Pozzi was used to assist the British in clarifying his statements and determining his duplicity. It is of interest to note that the first reason for questioning Pozzi's [redacted] his failure to volunteer information regarding some of his espionage activities and the incompleteness of his pretended complete confession which was not in accordance with all of the facts as developed by SIS.

[redacted] (64-20251; 64-24572)

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Following the capitulation of Italy in August 1943 the Italian Embassy officials in Buenos Aires pledged their allegiance to the newly formed Bodoglio Government in Italy. The Legal Attache in Buenos Aires soon afterwards established contact with [redacted] the [redacted] in the Italian Embassy. [redacted] was of importance since he had served as a contact for Italian espionage agents operating in South America and was in a position to furnish information regarding clandestine Italian activities. Once [redacted] became convinced of the need for cooperation he furnished the Legal Attache a great deal of important information concerning the operation of Italian espionage in Latin America and eventually convinced Luis Bonassi that he could furnish the Bureau's representatives an account of his activities and contacts. [redacted] also furnished SIS information available to him regarding German espionage activities and contacts. (64-20251)

d. The Communist Movement

(1) Local Communist Activities. During the first five years of SIS coverage, the Communist Movement in Argentina was of secondary importance due to the much more extensive and vital activities on the part of the Axis, as well as the fact that the Argentine Government had placed severe restrictions on the local Communists.

Prior to June 1943, when the Ferrell revolutionary Government drove the Communists underground, SIS coverage had succeeded in identifying the important Communists active in Argentina.

From June 1943 to August 1945, the principal objective of Communist coverage was to locate the Communist Party leaders and ferret out the underground activities of the Party. Argentine Communist headquarters were maintained in Montevideo, Uruguay under the leadership of Rodolfo Ghioldi, a former official of the Comintern from Montevideo. He directed the publication of clandestine newspapers and pamphlets, the holding of secret meetings, the raising of public disturbances, and the calling of strikes against the Ferrell Government. The Party was also actively engaged in infiltrating and dominating Eureopean refugee groups in Argentina. During part of this period, many of the principal Communist leaders were either in Argentine prisons or in exile. Victorio Codovilla, master mind of the Party, was in Chile writing Communist directives, while Rubens Iscaro, Argentine Communist labor leader was traveling throughout South America. The youth leader, Cesar Cascallar, was also organizing youth societies throughout the continent, but in the summer of 1945, managed to slip unnoticed into Argentina.

Communist activities in Argentina increased greatly in importance after August 1945. The termination of the war centered attention on peace problems, both domestic and international. In the solution of these problems, the Communists endeavored to take an active part. In addition to the extra opportunities for Communist agitation offered by these problems, the

Party was also revitalized in its revolutionary efforts by the doctrine espoused by Jacques Duclos, the French Communist who criticized the "class-collaborationist policy" of the United States Communist Party and precipitated the ouster of Earl Browder. In this combination of circumstances, the Argentine Communists were also encouraged by the renewal of permission by the Argentine Government to come out from under cover and to function openly and legally.

August 1, 1945, brought a Government decree recognizing all political parties which would agree to support the Argentine Government. The Communist Party was included and immediately came out of hiding. Daily and weekly newspapers began open publication, and prominent exiles returned from surrounding countries. On September 1, 1945, a huge rally including some 30,000 Communists was held in Luna Park, Buenos Aires. This new-found freedom was interrupted briefly during the state of siege imposed September 26th at the time Juan Peron was temporarily removed from the Government. Several Communists were arrested, including Codovilla, who had just arrived from Chile. All were released within a matter of days. During the fall of 1945, the Argentine Communists formed a coalition with the Socialist and Progressive Democratic parties in an effort to defeat Juan Peron in the December 2, 1945, Presidential election. A national conference of the Party from December 22 to 25th drew up resolutions condemning Peron and advocating a "national unity" government. Jose Tamborini, in spite of the coalition's support, suffered an overwhelming defeat to Peron and no Communist candidates were elected to office. Realizing that their future would be determined in large measure by Peron, Argentine Communists gradually changed their attitude of opposition toward him and give indications that they might support many points in his labor program. They also felt that support of Peron would assist in their fight against U.S. "imperialism" and the foreign policy championed by Assistant Secretary of State, Spruille Braden.

SIS coverage of Argentine Communist matters indicated that their greatest success was in the European refugee field. An excellent informant among the Polish Communists was developed. Through him it was learned that a separate section of the Argentine Communist Party had been formed among the Poles in Argentine and exercised considerable authority over Poles in surrounding countries. Strong Communist sections were also organized among the Slavs, the Balkan groups, the Greeks and the Spaniards. Many of these groups organized their own Communist newspapers. The Spanish Communists, especially, under Manuel Delicado and Colonel Francisco Calan, arranged for the transportation of numerous members from Latin America to France and Spain to join in opposing the Franco Government.

From August 14, to 18, the Communist Party of Argentina held its 11th National Congress in Buenos Aires, attended by fraternal delegates from Communist Parties throughout Latin America. SIS coverage indicated that the proceedings were dominated by the important Cuban Communist, Juan Marinello, and that Communist policy for the entire continent was discussed there.

By January, 1947, when the Party celebrated its 29th anniversary, it could draw crowds in Buenos Aires of 60,000 people and 40,000 persons in the Interior. (64-2804-D; 64-2805-D; 64-2806-D; 64-200-201)

(2) Soviet Diplomatic Activities. During the spring of 1946, official Soviet agents began to appear in Argentina. Through SIS coverage, it was possible to follow these agents' travels throughout the Hemisphere. Pavel Malkov, Commercial Attache of the Soviet Embassy in Bogota, Colombia, arrived first in Argentina to attempt negotiations for Soviet purchase of vegatable oils and essential products. He was followed on April 11, 1946, by a Soviet trade delegation direct from Russia which carried on further negotiations for the exchange of products of the two countries. Indications were that aside from the commercial aspects of these negotiations the principal intent was to cause an increase in Soviet prestige in Latin America and release Argentina from the necessity of seeking a United States outlet for her products. With the arrival of the trade delegation, Yuri Dashkevich, Mexican representative of the Soviet news agency "Tass" was transferred to Argentina. SIS coverage in Mexico had shown that Dashkevich was one of the most important Soviet agents operating in the Western Hemisphere and the Bureau's representatives in Argentina followed his activities closely. (100-18386)

It was a foregone conclusion that the Argentine Government would establish diplomatic relations with the Soviet Union following the inauguration of Peron. It was no surprise, then, when on June 5, 1946, the establishment of such ties was announced. This procedure was in line with Soviet efforts to maintain representatives in as many Latin American countries as possible.

On August 31, 1946, the staff of a new Soviet Embassy arrived and shortly thereafter Bureau coverage revealed that the Soviet Union was intensely interested in developing influence in Argentina, which it considered one of the most important posts in the Western Hemisphere for counteracting United States power. It was also found that the Embassy was closely associated with foreign Communist activities and offered full assistance to the Slav Union in Argentina. Although some purchases were made, no trade agreement was consummated between Argentina and the Soviet Union, however, and the Trade Delegation returned to Moscow in March, 1947.

The increase in Soviet diplomatic and commercial activity also brought about increased suspicion of intelligence activities. One of the persons suspected of such activities was Ursula Wasserman, who had been a contact and intermediary of several Soviet agents involved in the transmission of secret U.S. Government data to the Soviet Union (Nathan Gregory Silvermaster Case). She arrived in Argentina in March 1946 and SIS representatives took over coverage of her activities after her departure from the United States. (65-56402)

In June, another such subject, Bernard Redmont of the news magazine "World Report," arrived in Argentina. Redmont was also involved in the Gregory Case and remained in Argentina during 1946 and 1947 under Bureau observation. During that time he precipitated a severe disagreement with American Ambassador Messersmith when allegations were printed that Messersmith believed war between Russia and the United States to be inevitable. SIS was called on to check the origin of this story and investigation indicated that Redmont had released this information to damage the position of Messersmith and the United States in Latin America. (65-56402)

The Russian picture in Argentina was further complicated by the appearance of Polish and Bulgarian Commercial Missions in late 1946 and in early 1947, and by attempts to set up Yugoslav and other Soviet-dominated European missions in Buenos Aires. Added information concerning these activities was secured when in September, 1946, President Peron proposed to Ambassador Messersmith that Communist and Soviet information be exchanged between his country and our Embassy. In accordance with this agreement, a member of the SIS Buenos Aires office was designated to receive data from Argentine police sources. When SIS operations closed in Buenos Aires on February 10, 1947, Communist and Soviet coverage was at a high point of completeness and reliability. (64-211-201)

e. Uses Made of SIS Information

(1) Blacklist and Economic Data. SIS representatives in Argentina may be credited with obtaining and submitting considerable information about commercial firms which subsequently appeared on the United States Proclaimed List of Certain Blocked Nationals. It may be stated that this information, which was furnished to the proper United States economic authorities, was either responsible for or instrumental in placing numerous firms on the Proclaimed List.

The following are a few examples of instances in which reports submitted by SIS representatives were instrumental in placing specific firms on the Proclaimed List:

Between January, 1942 and April, 1942, several SIS reports were submitted concerning Diego Meyer and Cia., Calle Corrientes 330, Buenos Aires, and Avenida San Martin 222, Bahia Blanca, with branch properties in Puerto Madryn, Trelew, and other southern Argentine towns. This firm dealt primarily in hardware and paints, and prior to the submission of SIS reports it was the British-American Duperial Paint Company representative in Southern Argentina. These reports completely revealed the organization, capitalizatio and activities of the Diego Meyer firm members in Bahia Blanca, Argentina, where, from a reliable source, it was ascertained that they had financed the publication of the pro-Axis newspaper "El Censor" to the extent of 800 pesos monthly until the latter part of 1941. It was also ascertained that this firm, or its officer, Raul Meyer, held a mortgage in the amount of between 20,000 and 25,000 pesos on the German School in Bahia Blanca. This mortgage was cancelled early in 1942 as a gift to the institution. Reports obtained

by the SIS representative in his travels between Bahia Blanca and Comodore Rivadavia in southern Argentina revealed that the firm had openly displayed Nazi propaganda in its numerous branch offices and that the managers of these offices were well known as Nazis. On May 12, 1942, this firm was placed on the United States List of Blocked Nationals. (64-2811-67)

Other SIS information was submitted on November 5, 1941, relating that the firm of Marcos Jose Fontan, Calle El Hernera 265, Buenos Aires, was assisting firms in Argentina in evading the sanctions imposed by the Proclaimed List. It was stated that machinery had been purchased by Rodolfo Wendell, Bernardo de Irogoyen 440, Buenos Aires, from an American firm and the shipment had been transferred to the Fontan firm which in turn passed the merchandise to the firm of Bromberg and Cia., Calle Moreno 970 which was already on the Proclaimed List. Both the firms collaborating in this manner appeared on the Proclaimed List of February 28, 1942. (64-2811-A-20)

As early as March 18, 1941, SIS reports were received concerning the German firm of Staudt and Cia., Calle Bernardo de Irigoyen 330, Buenos Aires, which is associated with the Bromberg firm at the same address. SIS reports showed that Staudt and Cia, had contributed $3,000 to the German Winter Help Fund and that the owner was one Richard Staudt, a German-born naturalized Argentine whose mother and sisters resided in Germany. The firm was reported to transact business with a firm of the same name in Germany. Prior to the recent war, Richard Staudt was reported to be one of the chief wool buyers for Germany and was afterwards alleged to be operating through several cover firms. He was reported as a prominent Nazi leader who attended a Nazi meeting in Buenos Aires on March 1, 1941, when Ambassador Edmund von Thermann reported the results of his short trip to Germany. This firm was placed on the Proclaimed List during July 1941. (64-2805-A-23; 64-2806-A-12; 64-2800-A-18)

The cooperation between personnel of the Office of the Legal Attache and the Economic Branch of the Embassy in Buenos Aires was always very close. One example of this collaboration was the 390 page comprehensive summary report on totalitarian firms in Argentina which was furnished to Mr. Merwin Bohan, the Economic Counsellor the Embassy on April 6, 1943.

Mr. Bohan subsequently advised the representatives of the Legal Attache's Office that one of the immediate results of this compilation was that within a few hours after its receipt he was able to use the information as a basis for preventing a transfer of over $500,000 by one of the Axis firms in Argentina. (64-2811-284)

After the arrival of Spruille Braden as Ambassador, relations between the Legal Attache and the Economic Counselor were intensified. Numerous projects were undertaken by the Legal Attache at the request of the Ambassador.

These included the examination of codes and accounts of the Banco Aleman Transatlantico and the Banco Germanico; a review of the books of the most extensive Bemberg interests in Argentina; the books of Fritz Mandl, a former Austrian munitions manufacturer; certain of the work of the Argentine Committee Intervening Axis Firms and a very thorough study and review of the archives of the former German and Japanese Embassies in Buenos Aires. (64-2802; 64-2804-A; 64-2804-B)

(2) Efforts to Force Action Against Axis Agents by Argentina. After a speech by Under-Secretary of State Sumner Wells in October, 1942, in which he alleged that both Argentina and Chile were being used as a base of espionage operations against the other American nations, the Argentine Government formally protested his speech. That Government asked that any information in possession of the United States Government relating to Axis espionage activities be made available to them. On November 2, 1942, and November 3, 1942, memoranda incorporating the information accumulated by the SIS Division were delivered to the Argentine Government by the American Ambassador at Buenos Aires. Additional memoranda were delivered on November 11th. These memoranda included information relating to the operations of German agents and also covered Japanese and Italian activities. [redacted] of Argentina, who was [redacted] SIS Agents and [redacted] advised on November 3, 1942, that the police had been requested to investigate the allegations set forth. The police immediately took into custody eighteen persons. Confidential information, however, indicated that they were making little progress and that the true facts as set forth in the memoranda had not been furnished to them. Information was obtained that one of the principal agents, Hans Napp, had not been taken into custody because the police were unable to locate him. [redacted] and [redacted] of the Buenos Aires Provincial Police (as contrasted to the City Police who had been handling the investigation) who had been acting as informants for the SIS Agents, were furnished with the information in the Legal Attache's custody, and removed him to the Provincial Capital, La Plata, Argentina, where they obtained a complete confession from him within a period of two days. The prisoners and confessions were then turned over to the national authorities. (64-2804-A-2977)

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The confession made by Knapp was exactly in accordance with the allegations set forth in the SIS memoranda: namely, that he had been running a ship-reporting service regarding Allied shipping and had furnished reports, at first, to a clandestine radio transmitter LIR in Rio de Janeiro and subsequently to Captain Dietrich Niebuhr, the Naval Attache of the German Embassy in Buenos Aires, Argentina. He also named his accomplices who included Ottomar Muller, Walter Friewald, and Lothar von Reichenbach. He further stated that he was under the direction of Captain Niebuhr and that he had not expected to be arrested due to a promise that he had received from the Buenos Aires police.

Details concerning this confession were given to the newspapers by the Provincial Police. Their publication produced a furor in Argentina, and demands were made by the newspapers that strenuous action be taken against the Axis Agents and Captain Niebuhr. On December 4, 1942, the results of the investigation were turned over to a Federal judge in Buenos Aires by the Police Department and on December 7, 1942, indictments were returned against Hans Napp, Ottomar Müller, Walter Friewald, Thilo Martens, Elvezio Ortelli, and Lothar von Reichenbach. The indictments charged these men with unfriendly acts to a nation at peace with Argentina. When Neibuhr declined to waive this diplomatic immunity and stand trial he was declared persona non grata by the Argentine Government.

With reference to the other individuals charged, Ortelli and Von Reichenbach were acquitted of espionage charges. The other four were given relatively short prison terms. (64-2804-A)

On one previous occasion the Argentine Government took unwilling action against a German agent. One Walter Giese was identified by SIS representatives as being a key Nazi agent in Ecuador. Giese sent his reports to the clandestine radio transmitter LIR in Rio de Janeiro. Eventually he was expelled from Ecuador when his operations became known, and in April, 1942, he arrived in Argentina. Giese decided to stay in South America and had a permanent visa for residence in Paraguay, which visa was cancelled as a result of the information concerning him made available to the Paraguayan Government by the American Ambassador. The information relating to Giese was also made available to the Argentine Government through diplomatic channels, and he was immediately interned on his arrival in Argentina. After safe conduct had been obtained from both the Americans and the British, he was repatriated to Germany by the Argentine Government on a Spanish ship. (64-2804-A-744)

On January 26, 1944, as the result of great pressure brought by the United States and Great Britain, the Argentine Government of General Pedro P. Ramirez broke diplomatic relations with the Axis Powers. On that same day SIS turned over to the State Department a memorandum containing full data on sixty-five of the known important Axis agents in Argentina. The same memorandum was sent to our Attache in Buenos Aires to be made available to the American Ambassador there. On January 29, and on January 31, 1944 the Legal Attache presented to the Ambassador up-to-date memoranda concerning the status of thirty-eight other German agents whose activities had been previously brought to the attention of the Argentine Government in November, 1942, but against whom no prosecutive action had been taken. (64-2804-A-2977; 64-2804-493.494)

Argentina almost immediately rearrested the latter group of agents and during the following two weeks arrested an additional seventy-eight known or suspected Axis agents of German, Japanese and Italian nationality. Many other individuals were detained for questioning and subsequently released, among them being the German Military and Air Attache, General Friedrich Wolf and the Japanese Naval and Assistant Naval Attaches. (64-2804-509

Again, in August of the same year, the Argentine Government conducted another series of wholesale arrests and succeeded in rounding up twenty-eight German agents and in putting the clandestine radio circuit HDZ out of commission. The outstanding German agent taken during these raids was Gustav Utzinger, who it will be recalled was the technician in charge of that circuit. The highly important Sicherheitsdienst agents, Johannes Siegfried Becker and Heinz Lange, however, managed to escape arrest and went into hiding. (64-2804).

The formal convictions obtained in 1944 carried two-year sentences for each of the following Axis agents: Rosendo Almozara (Lombera), Juan Jacobo Napp, Martin Schneider, Walter Freiwald and Ottomar Mueller. With the exception of Almozara, all of these men had been denounced by the American Government in the memorandum presented to the Argentine Foreign Office in November, 1942. (64-2801-2136)

As the result of an analysis undertaken by the Office of the Legal Attache in Buenos Aires, 1,046 individuals of the crew of the "GRAF SPEE" were located, identified and investigated in such a manner that the Office of the Legal Attache obtained complete information. The entire data were compiled and set forth in one comprehensive report. In this report, the United States Government had more complete and informative facts than the Argentine authorities regarding the members of the "GRAF SPEE" crew. The report was furnished to the American Ambassador in Buenos Aires in order to equip him with the forceful details regarding the lax manner in which the Argentine Government was handling enemies of the United Nations. At a subsequent time, when Argentina severed relations with the Axis nations, it was noted that one of the first steps taken for internal security was the formulating of a definite program to be followed for safeguarding Argentina from any acts of violence by the individual crew members of the "GRAF SPEE." (64-16112-71)

The favorable impression the Argentine Government might have created by its effective police action against the Axis during 1944 was considerably diminished by the fact that many of the agents arrested were subsequently placed at liberty. Notable among these were Jose Valles, principal subject of the EFE case, Georg Bucker, known positively to SIS as a high-ranking operative of the Air Branch of the Abwehr, and Wolf Freudenberg y Hallier, a principal subject in the Microdot Case. Despite these and other releases, however, it can be said that German espionage in Argentina suffered during 1944 as a result of the action the Argentine Government felt forced to take. Furthermore, the repatriation of almost the entire German Diplomatic Mission in July of the same year placed the German espionage system under a further handicap.

It must be pointed out, however, that the Argentine Government was simultaneously conducting a campaign against the intelligence activities of Allied countries as well, and at one time, during May of 1944, there were at least fifteen informants of the Legal Attache in Buenos Aires in the custody of the Police. Numerous informants of the Military Attache and of British Intelligence likewise were placed under arrest during that year. As in the case of the arrested Axis agents, many of the Allied informants were later

released with sharp warnings to abandon the kind of activities that had brought on their detentions. As illustrative of the painstaking manner in which Argentina attempted to preserve the appearance of impartial neutrality, it is pointed out that on December 19, 1944, eleven German suspects and eleven Allied suspects were simultaneously released from prison. (64-4123-201)

During the latter part of 1944, the Argentine Government formally requested a conference of Pan American nations in order to have its position in international affairs definitely clarified and understood. The Office of the Legal Attache in Buenos Aires cooperated very closely with Embassy officials by making available extensive data on the nature of current Axis activities in that country and by providing an estimate of the measures taken by the Argentine Government against such activities. This information proved of great value to the State Department in determining its policy toward Argentina and in justifying that policy in the eyes of the other American nations. (64-2804-A)

It was not until March 27, 1945, however, that Argentina finally joined the other nations of the continent and declared war on Germany and Japan. This action came subsequnnt to the Inter-American Conference in Mexico City and was opposed by the Argentine Nationalists as undignified and an indication of subservience to the United States. (64-2801-2232)

After the first of 1945, with the rapid deterioration of the German and Japanese military positions, Axis espionage activities came practically to a standstill. In the lull provided by this cessation of activities, it was possible to conduct investigations in Argentina and to a certain extent, in Europe in order to bring to a logical conclusion the numerous, very active and, in some ways, successful espionage activities of the Germans in the Argentine Republic. The HDZ, EFE and Mexican Microdot Cases were brought to a logical conclusion and the overwhelming majority of the personnel of these cases were incarcerated in jail in Argentina. The same was true of the remnants of the Abwehr group organized by Captain Dietrich Niebuhr and handled subsequently by General Friedrich Wolf, German Naval and Military Attaches, respectively. Information furnished by the Office of the Legal Attache to Argentina authorities directly, or in some instances through cooperation with the British, resulted in the arrest of ringleaders. Capable investigation and interrogation by Argentine authorities of subjects detained on Allied information resulted in the arrest of a maximum number of some 140 persons, all quite directly related to the German Intelligence Service in Argentina.

In October of 1945, the emphasis of SIS in Argentina shifted from pure intelligence activities to the political implications of these intelligence activities.

In that month, Assistant Secretary of State Spruille Braden requested that someone from the Department of Justice and someone from the Bureau be designated to represent those agencies in the participation of the preparation

of a case showing Argentine complicity with the Germans throughout the war. The objectives of this project was to show that Argentina, under the then existing government, was not to be trusted in the signing of a mutual assistance pact with the other countries of Latin America because of the totalitarian influence left in the country by the defeated Axis powers. (64-2801-2873)

A Bureau Agent was named to represent both the Bureau and the Department and a large amount of his time was spent in the State Department preparing espionage and political intelligence material on this project. The analysis of clandestine radio messages decoded by the Bureau Laboratory formed the backbone of the State Department's "Case Against Argentina" which appeared in February of 1946 under the title "Consultation Among the American Republics With Respect to the Argentine Situation." This volume is more commonly known as "The Blue Book" and represented a departure by the United States State Department in its dealings with Latin American Countries. This "Blue Book" devoted numerous pages to and, in fact, the persuasive character of the book rested upon: Argentine-Nazi complicity, Argentine-Nazi efforts to subvert governments of neighboring countries, Argentine-German negotiations for military assistance to Argentina, Argentine preservation of German economic power and the totalitarian character of the Argentine regime. In addition to the intelligence and espionage material contributed by the Bureau for this project, a very exhaustive memorandum on German schools and organizations in Argentina was prepared on the basis of material forwarded by the Legal Attache in Buenos Aires. (64-2804-A-3158)

The "Blue Book," which was frankly designed to result in the defeat of Juan Domingo Peron (present President of Argentina) in the elections which were held in Argentina on February 24, 1946, actually backfired badly and in the opinion of many observers, the book contributed heavily to the election of Peron.

Another result of the "Blue Book" was the publication by President Peron on February 20, eight days after the publication of the "Blue Book," of a "Blue-White Book" in which he revealed the alleged activities of American intelligence agencies in Argentina throughout the war. This book, while it did reflect a certain limited amount of information about the activities of Bureau personnel in their investigations of Axis activities in Argentina, displayed a lack of real knowledge of the Bureau's activities. In contrast to this, a carefully documented exposure of one of the informants of the Military Attache was set out. This was the so-called Enrique Wittenberg Case which purportedly showed efforts on the part of the American Military Attache to obtain certain information about the disposition of Argentine arms and troops. (64-2801-3069,3115)

f. Activities Arising from Argentine Political Situation

The accomplishments of the Bureau's representatives in Argentina were impeded by the poor relations existing between the United States and the Argentine Republic. Due to this situation the SIS agents found it necessary to become active in other fields of endeavor besides counter-espionage work and related investigations.

In view of the influence exerted on the Argentine Government by some of the Axis agents, it became vitally important for the Bureau's representatives to cover the political situation in order to keep the Ambassador and the American Government informed of the real attitude of the Argentine Government toward Axis activities in contrast to the ostensible attitude which the Argentines exhibited to the United States authorities.

One example of the effectiveness of this political coverage was the instance in November, 1942, when a group of pro-Allied Argentine political leaders headed by Dr. Thomas LeBreton prepared a memorandum for presentation to the then President of Argentina, Ramon S. Castillo. This memorandum embodied a plea to President Castillo to alter his policy of neutrality and cooperate more closely with the Allies. For the purpose of presenting this memorandum to President Castillo, the LeBreton group chose Dr. Pablo Calatayud, a prominent political leader and close confidant of Castillo.

One of the SIS representatives had developed Dr. Calatayud as a close friend and through him was able to obtain the details of this memorandum and a complete report of Castillo's answer which explained in detail the reasons for his policy of neutrality and his continued non-cooperative attitude toward the United States. Through contacts of this nature, it was possible for the Bureau's representatives to furnish the American Ambassador with information regarding behind-the-scenes politics in Argentina which would have normally escaped his attention. (64-2801-629)

Through other contacts the Bureau's representatives were able to keep the Ambassador advised of ramifications in the political life of Argentina and the developments of the so-called Peron Five-Year Plan. In addition, the Legal Attache was also able to furnish information regarding Argentine efforts to conclude commercial treaties with Chile, Bolivia and Peru, treaties which had for their purpose the gradual establishment of Argentine hegemony over the southern part of Latin America. (64-2801; 64-2802)

From time to time the Office of the Legal Attache was called on to assist in guarding the person of the Ambassador and the property of the Embassy. Because of the situation prevailing in Argentina, the protection of the person of the Ambassador, on occasion, became a full-time project. b b7D

That the threats to damage the American Embassy or injure its personnel were not entirely idle was dramatically proven in January, 1944. At that time [redacted] advised the latter and the Legal Attache [redacted] had been instructed to place a bomb in the men's room of the Embassy on the morning of January 15, 1944. By prearrangement [redacted] was intercepted at the Embassy entrance in possession of a live bomb and he was taken immediately to a Buenos Aires suburb where the bomb was rendered harmless by an explosives expert. The Argentine Foreign Office was notified of this incident on January 18, 1944 at which time the information and the exhibits prepared by the Legal Attache were delivered to the Argentine Police.

[redacted] claimed that he had acted under the instructions of Cipriano Pons Lezica, an alleged nationalist and terrorist. Pons Lezica, however, was not arrested by the police but another conspirator, Wolfgang Wallner, alias Herman Schiller, who was implicated by [redacted] was arrested. The Argentine Police discounted the possibility that Lezica was involved in the plot. Bureau investigation, however, indicated that the information furnished by [redacted] was probably true and the bombing attempt had been inspired by the Argentine nationalists. (65-51979)

3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Argentina:

NAME	SIS #	CITY	DATE	ASSIGNMENT
[redacted]		Buenos Aires	7-43 - 12-43	Undercover
		Buenos Aires	2-43 - 3-44	Undercover
		Buenos Aires	5-44 - 6-46	Undercover
		Buenos Aires	12-45 - 4-46	Undercover
		Buenos Aires	8-43 - 11-43	Undercover
		Buenos Aires	3-44 - 2-46	Official
		Buenos Aires	7-44 - 6-46	Official
		Rosario	8-41 - 11-42	Undercover
		Buenos Aires	9-43 - 11-43	Undercover
		Buenos Aires	10-43 - 11-43	Undercover
		Buenos Aires	4-45 - 7-45	Undercover
		Buenos Aires	8-43 - 11-43	Undercover
		Buenos Aires	6-44 - 10-44	Official
		Buenos Aires	8-45 - 4-46	Official
		Buenos Aires	9-43 - 1-44	Official
		Buenos Aires	8-45 - 2-46	Official
		Buenos Aires	11-42 - 11-43	Undercover
		Buenos Aires	7-45 - 8-46	Official
		La Plata	11-42 - 2-44	Undercover
		Buenos Aires	2-44 - 3-44	Undercover
		Buenos Aires	9-41 - 12-42	Undercover
		Buenos Aires	8-45 - 1-46	Official
		Buenos Aires	6-43 - 5-45	Official
		Buenos Aires	10-43 - 11-43	Undercover
		Buenos Aires	6-45 - 2-46	Undercover
		Buenos Aires	3-45 - 1-46	Undercover
		Buenos Aires	10-42 - 3-44	Undercover

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NAME	SIS #	CITY	DATE	ASSIGNMENT
		Buenos Aires	2-42 - 9-42	Undercover
		Bahia Blanca	8-42 - 5-43	Undercover
		Buenos Aires	6-46 - 3-47	Legal Attache
		Buenos Aires	6-42 - 10-43	Undercover
		Buenos Aires	5-46 - 7-46	Official
		Buenos Aires	10-43 - 12-43	Undercover
		Buenos Aires	10-42 - 2-44	Undercover
		Buenos Aires	9-43 - 1-45	Legal Attache
		Buenos Aires	3-42 - 7-44	Undercover
		Buenos Aires	1-42 - 11-42	Undercover
		Santa Fe	5-42 - 9-42	Undercover
		Buenos Aires	2-43 - 12-43	Undercover
		Buenos Aires	7-43 - 12-43	Undercover
			1-45 - 2-46	Undercover
		Buenos Aires	4-43 - 5-44	Undercover
		Buenos Aires	5-42 - 8-43	Legal Attache/
		Buenos Aires	2-43 - 4-44	Undercover
		Buenos Aires	6-43 - 12-43	Undercover
		Tucuman	10-42 - 10-43	Undercover
		Tucuman	12-41 - 10-42	Undercover
		Buenos Aires	9-44 - 6-45	Undercover
		Buenos Aires	3-41 - 12-41	Undercover
		Mar Del Plata	1-43 - 9-43	Undercover
		Buenos Aires	2-46 - 3-47	Official
		La Plata	11-41 - 5-42	Undercover
		Buenos Aires	8-42 - 2-43	Undercover
		Buenos Aires	9-43 - 4-46	Official
		Buenos Aires	4-44 - 8-44	Undercover
		Buenos Aires	11-41 - 5-42	Undercover
		Buenos Aires	2-43 - 3-44	Undercover
		Buenos Aires	4-43 - 10-43	Official
		Buenos Aires	1-44 - 10-44	Official
		Buenos Aires	6-42 - 8-43	Official
			5-44 - 7-46	Official
		Mendoza	8-43 - 12-43	Official
		Rosairo	12-43 - 5-44	Official
		Buenos Aires	11-42 - 11-43	Undercover
		Bahia Blanca	8-41 - 12-41	Undercover
		Cordoba	11-42 - 2-43	Undercover
		Buenos Aires	2-43 - 5-43	Undercover
			8-43 - 12-43	Undercover
		Buenos Aires	5-46 - 2-47	Official
		Buenos Aires	12-42 - 11-43	Undercover

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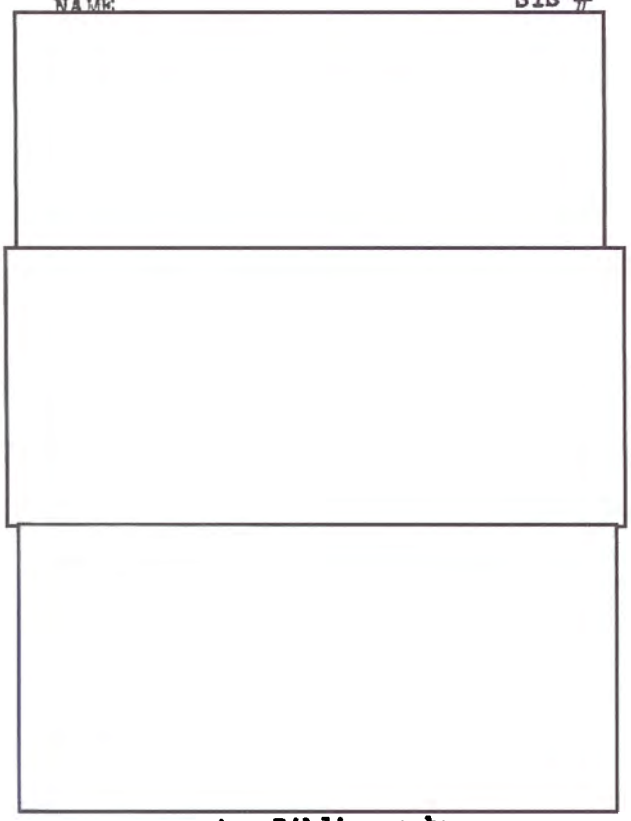
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NAME	SIS #	CITY	DATE	ASSIGNMENT
[redacted]		Buenos Aires	1-45 - 3-46	Legal Attache
		Buenos Aires	9-41 - 4-42	Undercover
		Buenos Aires	9-45 - 2-47	Official
		Buenos Aires	12-44 - 6-45	Undercover
		Buenos Aires	10-43 - 11-43	Undercover
		Cordoba	11-41 - 9-42	Official
		Buenos Aires	9-42 - 2-45	Official
		Buenos Aires	10-43 - 3-44	Undercover
		Buenos Aires	8-43 - 11-43	Undercover
		Buenos Aires	4-44 - 10-44	Undercover
		Buenos Aires	8-45 - 6-46	Official
		Buenos Aires	5-42 - 7-42	Undercover
		Buenos Aires	5-42 - 3-43	Undercover
		Buenos Aires	3-42 - 2-44	Undercover
		Rosario	8-42 - 12-43	Official
		Buenos Aires	6-45 - 8-45	Official
		Mendoza	3-42 - 11-42	Undercover
		Buenos Aires	3-45 - 7-46	Official
		Buenos Aires	11-42 - 11-43	Undercover
		Buenos Aires	4-43 - 11-43	Undercover
		Buenos Aires	5-46 - 2-47	Official
		Buenos Aires	6-45 - 5-46	Official
		Buenos Aires	4-42 - 9-42	Undercover
		Buenos Aires	5-44 - 11-45	Undercover
		Buenos Aires	11-44 - 10-46	Undercover
		Buenos Aires	5-43 - 2-44	Official
		Buenos Aires	2-46 - 1-47	Official
		Buenos Aires	8-42 - 5-44	Undercover
		Buenos Aires	6-45 - 3-47	Official
		Buenos Aires	8-42 - 7-45	Official
		Buenos Aires	7-44 -11-45	Undercover
		Rosario	7-42 - 11-43	Undercover
		Buenos Aires	5-43 - 6-43	Official
		Bahia Blanca	6-43 - 5-44	Official
		Buenos Aires	5-44 - 6-45	Official
		Buenos Aires	11-44 - 4-45	Undercover
		Buenos Aires	8-43 - 3-44	Undercover
		Buenos Aires	7-42 - 12-43	Undercover

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NAME SIS #



CITY	DATE	ASSIGNMENT
Buenos Aires	4/43 - 5/43	Plant Survey
Buenos Aires	6/43 - 12/43	Undercover
Buenos Aires	8/42 - 12/ 45	Official
Mendoza	11/42-11/43	Undercover
Buenos Aires	8/43-11/43	Undercover
Buenos Aires	7/43 - 1/44	Undercover
Buenos Aires	12/42 - 6/43	Official
Buenos Aires	7/43 - 5/44	Official
Buenos Aires	4/46 - 3/46	Official
Bahia Blanca	5/42 - 8/43	Undercover
Buenos Aires	8/43 - 4/44	Undercover
Buenos Aires	12/42 - 7/44	Undercover
Bahia Blanca	8/42 - 11/43	Official
Buenos Aires	5/42 - 9/42	Undercover
Buenos Aires	7/41 - 3/42	Undercover
Buenos Aires	6/42 - 4/43	Undercover
Travel	4/43 - 6/43	Undercover
Buenos Aires	4/43 - 5/43	Plant Survey
Buenos Aires	7/46 - 3/47	Undercover
Buenos Aires	3/46 - 11/46	Official
Buenos Aires	10/43 - 12/43	Undercover
Buenos Aires	3/46 - 8/46	Official
Buenos Aires	6/45 - 4/46	Undercover
Buenos Aires	4/43 - 5/43	Plant Survey
Buenos Aires	8/45 - 3/46	Official

4. Bibliography

a. Principal Investigative Files

64-2800 General Miscellaneous File on Argentina

64-2800-A Miscellaneous File on German Activities in Argentina

64-2800-B Miscellaneous File on Japanese Activities in Argentina

64-2800-C Miscellaneous File on Italian Activities in Argentina

64-2800-D Miscellaneous File on Communist Activities in Argentina

64-2800-E Miscellaneous File on Spanish Activities in Argentina

64-2800-F Miscellaneous File on French Activities in Argentina

64-2800-G Miscellaneous File on British Activities in Argentina

64-2800-H Miscellaneous File on American Activities in Argentina

64-2800-I Miscellaneous File on Hungarian Activities in Argentina

64-2800-J Miscellaneous File on Roumanian Activities in Argentina

64-2800-K Miscellaneous File on Swiss Activities in Argentina

64-2800-L Miscellaneous File on Swedish Activities in Argentina

64-2800-M Miscellaneous File on Portugese Activities in Argentina

64-2800-N Miscellaneous File on Austrian Activities in Argentina

64-2801 General File covering Political Matters in Argentina

64-2802 General File covering Economic Matters in Argentina

64-2803 General File covering Social Matters in Argentina

64-2804 General File covering Foreign Agents in Argentina

64-2804-A German Agents in Argentina

64-2804-B Japanese Agents in Argentina

64-2804-C Italian Agents in Argentina

64-2804-D Communist Agents in Argentina

64-2804-E Spanish Agents in Argentina

64-2804-F French Agents in Argentina

64-2804-G British Agents in Argentina

64-2804-H American Agents in Argentina

64-2804-K Swiss Agents in Argentina

64-2804-L Swedish Agents in Argentina

64-2805 General File covering Foreign Propaganda in Argentina

64-2805-A German Propaganda in Argentina

64-2805-B Japanese Propaganda in Argentina

64-2805-C Italian Propaganda in Argentina

64-2805-D Communist Propaganda in Argentina

64-2805-E Spanish Propaganda in Argentina

64-2805-F French Propaganda in Argentina

64-2805-G British Propaganda in Argentina

64-2805-H American Propaganda in Argentina

64-2805-I Hungarian Propaganda in Argentina

64-2805-M Portuguese Propaganda in Argentina

64-2806 General File covering Foreign Penetration in Argentina

64-2806-A German Penetration in Argentina

64-2806-B Japanese Penetration in Argentina

64-2806-C Italian Penetration in Argentina

64-2806-D Communist Penetration in Argentina

64-2806-E Spanish Penetration in Argentina

64-2806-F French Penetration in Argentina

64-2806-G British Penetration in Argentina

64-2806-M Portuguese Penetration in Argentina

64-2807 General File covering Sabotage in Argentina

64-2807-A German Sabotage in Argentina

64-2807-B Japanese Sabotage in Argentina

64-2807-D Communist Sabotage in Argentina

64-2807-G British Sabotage in Argentina

64-2808 General File regarding Foreign Residents in Argentina

64-2808-A German Residents in Argentina

64-2808-B Japanese Residents in Argentina

64-2808-C Italian Residents in Argentina

64-2808-D Communist Residents in Argentina

64-2808-E Spanish Residents in Argentina

64-2808-F French Residents in Argentina

64-2808-G British Residents in Argentina

64-2808-H American Residents in Argentina

64-2808-I Hungarian Residents in Argentina

64-2808-J Roumanian Residents in Argentina

64-2808-K Swiss Residents in Argentina

64-2808-M Portuguese Residents in Argentina

64-2808-N Austrian Residents in Argentina

64-2810 Military and Naval Matters in Argentina

64-2811 General File covering Foreign Firms in Argentina.

64-2811-A German Firms in Argentina

64-2811-B Japanese Firms in Argentina

64-2811-C Italian Firms in Argentina

6422811-D Communist Firms in Argentina

64-2811-E Spanish Firms in Argentina

64-2811-F French Firms in Argentina

64-2811-G British Firms in Argentina

64-2811-H American Firms in Argentina

64-2811-I Hungarian Firms in Argentina

64-2811-J Roumanian Firms in Argentina

64-2811-K Swiss Firms in Argentina

64-2812 General File Relative to Radio Stations in Argentina

64-2812-A German Radio Stations in Argentina

64-2812-B Japanese Radio Stations in Argentina

64-2812-C Italian Radio Stations in Argentina

64-2812-D Communist Radio Stations in Argentina

64-2812-E Spanish Radio Stations in Argentina

64-2812-G British Radio Stations in Argentina

64-2813 General File covering matters relative to the Anti-Argentina Activities Investigating Committee which was established in Buenos Aires

64-2814-A General File covering Submarine Activities in Argentina. This

information pertains principally to the surrender of the U-530 after the termination of the war.

64-2815-A General File covering German Telephone Surveillances in Argentina

64-2816 Plant Survey Program in Argentina

64-20393-EFE Courier Case

65-47120-HDZ Radio Ring

64-27116-Helmuth Espionage Case

65-35143-LIR Radio Ring

112-1-201 Flight of Axis Capital to Argentina

65-16112-102 The "GRAF SPEE" Case

64-20032 The Japsa Espionage Case

64-21209 Case involving Tomiyo Koseki and Associated Japanese Espionage Agents.

64-26498 Revolutionary Plans for Latin America Sponsored by Argentina

64-309-201 Smuggling Activities in Argentina

64-200-201 Communist Movement in Argentina

64-211-201 Soviet Diplomatic Activities in Argentina

100-341561-201 Labor Conditions in Argentina

b. Administrative Files

64-4469 Office Administrative File for Legal Attache's Office, Buenos Aires.

64-4984-201 Monthly Reports File for Legal Attache's Office, Buenos Aires

64-4693 Living Conditions in Argentina

67-383638 Office Personnel File for Legal Attache's Office filed under caption "Embassy Buenos Aires, Argentina." The Inspection Reports submitted relative to this office are filed in a separate folder.

64-29833-201 Police Matters in Argentina

64-4123-201 Informant File for Argentina

c. Monographs

"Totalitarian Activities in Argentina Today" General monograph covering various phases of the Bureau's work in Argentina. Printed June, 1943; 595 pages.

"SIS Office (Buenos Aires) - contains photographs of Legal Attache's Offices and Facilities in Buenos Aires.

"Communism in Latin America" - published January 1946. General monograph covering Communism on a Hemisphere basis. Pages 22 and 24 cover the Communist Party in Argentina in particular.

"German Espionage in Latin America" - printed June 1946, pages 137 to 184, cover German Espionage Activities in Argentina.

"Japanese In Latin America" - printed November 1945, pages 118 to 135 refer to Argentina.

"Clandestine Radio Stations Utilized by the German Espionage System" - printed February 142. Contains charts of German Espionage rings operating in conjunction with the German Radio Stations. The LIR Organization which had ramifications in Argentina is charted in this monograph.

B. AUSTRIA

1. SIS Facilities and Objectives

Following the cessation of hostilities in Europe, two Agents were sent to Austria in a liaison capacity assigned to American Military Headquarters at Salzburg, Austria, on August 2, 1945. They subsequently moved to Vienna with the Headquarters of the United States Forces for Austria following the establishment of international control of that city.

In both Salzburg and Vienna, the Bureau's representatives occupied space furnished by the Army and closely connected with the offices of CIC through whom liaison was maintained.

The principal purpose of the assignment of the agents was to follow the Austrian leads in pending cases and to secure from CIC sources material of interest to the Bureau. These duties included the interrogation of subjects of Bureau investigation, or the associates of such subjects, as well as the obtaining from CIC of pertinent information developed by that organization which was relevant to cases in which the Bureau was interested.

The liaison post in Austria functioned for only about three months, and the Bureau representatives were withdrawn on October 25, 1945. At that time the Vienna Office was closed along with the other Army liaison posts due to the intolerable conditions imposed by Army Intelligence authorities with regard to such arrangements. These difficulties were overall in nature and did not pertain specifically to the Army representatives with whom our Agents dealt in Vienna. The cooperation between the Bureau's representatives and Army Intelligence Officers in Austria was excellent at all times. (66-16327)

2. Major Accomplishments

Most of the work performed by the Bureau's representatives in Austria consisted of following leads furnished by the Bureau on cases developed in the United States. The liaison program in Austria folded up before it was possible to complete the investigation of all the targets suggested for the Austrian Agents by the Bureau's other SIS offices.

The liaison men in Vienna interviewed individuals located by the Army who were of interest to the Bureau on such matters as the Treason Case of Constance Drexel. (65-19224)

One of the most outstanding examples of the value of having Bureau representatives with the American Occupation Forces was in the case of Dr. Ignaz Theodor Griebl. This individual had been connected with the Johanna Hoffman Espionage Case in New York City in 1938. One of the Bureau's liaison Agents had worked on this case and through his knowledge of the matter was able to assist the Army in identifying Griebl in Austria. Griebl was intensively interrogated on his activities prior to his departure from the United States and on his exact work in Germany during the war. (65-748-1866)

Along with the other work the SIS representatives were able to do during the short time they were in Austria, they collected information to round out the Bureau's knowledge of Communist and Soviet tactics throughout the world. These Agents not only furnished copies of the Communist and Soviet publications printed in Austria, but also were able to observe at firsthand the tactics of the Soviet representatives in occupied countries. (64-175-252-144)

3. Personnel

NAME	SIS	CITY	DATE	ASSIGNMENT	
[redacted]		Vienna	8/45 - 10/45	Army	
		Vienna	8/45 - 10/45	Army	b2
					b7C

4. Bibliography

a. Investigative Files.

64-175-252-117,127,144. Information furnished by Bureau's representatives regarding Communism in Austria and the results of their personal observations.

65-748-1866,1871. Investigation and interrogation by Liaison Agents of Dr. Ignaz Theodor Griebl.

100-1811-280. Free Austrian Movement file with information secured by liaison from CIC covering lists of offices and officers of the various Austrian movements.

b. Administrative Files.

66-16327. Office Administratives file for Liaison Office, Vienna, Austria.

64-31800. Living Conditions in Austria.

C. BERMUDA

1. SIS Facilities and Objectives

From September 1941, to March 1944, the Bureau maintained a liaison representative at Hamilton, Bermuda, to establish close coordination with the British Censorship Office at that station. This representative was assigned officially as Special Assistant to the Consulate General and office space was secured near the British Imperial Censorship Department.

While the Bureau's representative in Bermuda furnished some material regarding the political, economic and social conditions on those Islands, his primary purpose was the maintenance of appropriate contact with the censorship officials as well as with the local branch of the British Security Service and the Bermuda Police. During 1941 and 1942 Bermuda was an important censorship control point. The post also handled travel and contraband control. Added importance was given by the Army and Navy bases which were under construction on the Islands during the same period. By summer 1943, however, the importance of the control point at Bermuda declined as the Army and Navy bases were completed and upon the recommendation of the United States Naval authorities, neutral ships were stopped from calling at Bermuda. This eliminated the travel and contraband control work which was rerouted to other British control points. British censorship activities also declined due to the transfer of additional mail to the control point at Trinidad, and the improved organization of American censorship in New York. As a result of these circumstances, the importance of Bermuda decreased until it was no longer necessary for the Bureau to maintain a liaison representative on the Islands. The Bureau's representative was, therefore, recalled in March 1944 and the liaison post was abandoned. (64-4689)

2. Major Accomplishments

Most of the work of the Bureau's liaison agent consisted of forwarding censorship material obtained by the British in cases in which the Bureau had an interest. During the early part of the war, this liaison was highly productive in securing material of value to our investigative work.

Probably the most important case in the SIS field which had its origin in the Bermuda Censorship liaison was the Mexican Microscopic Dot case. It was through the medium of the Bureau's representative in Bermuda, working in connection with the examination of censorship material, that the micro-dot employed by German espionage agents was originally discovered. After these dots were identified and connected with the Nazi espionage system, they were later developed by the facilities of the Bureau's Laboratory in Washington. The discovery of these dots and the revelation of numerous agents connected with the German espionage system employing this method of communication resulted in the investigation of espionage cases

which were facilitated by the knowledge gained through this source. The discovery of the first west-bound micro-dot in the Mexican micro-dot case opened up a broad field of investigation in New York and Mexico. (65-16273; 65-37793-40)

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3. Personnel

NAME	SIS No.	CITY	DATE	ASSIGNMENT
[redacted]		Hamilton	9/41 - 3/43	Official
		Hamilton	2/43 - 6/43	Official
		Hamilton	10/43 - 3/44	Official

4. Bibliography

a. Investigative Files

64-6000 Miscellaneous General File on Bermuda

64-6001 Political Matters in Bermuda

64-6002 Economic Matters in Bermuda

b. Administrative Files

64-4689 Office Administrative File for Liaison Office Bermuda

64-4630 Living Conditions in Bermuda

D. BOLIVIA

1. SIS Facilities and Objectives

SIS coverage in Bolivia was attempted briefly in January 1941 when the first Agent was sent to that country to assist in organizing a unit of the Bolivian Army to combat Fifth Column activities. Due to disagreement among the Army officials over the need for such a unit, however, the Bureau's representative was withdrawn.

Permanent coverage was inaugurated in July 1941 when, at the request of the State Department, another Agent was assigned to Bolivia as a member of the American Embassy. A short while later an undercover man was assigned to assist the Agent accredited to the Embassy. From that time on the Bureau's coverage of Bolivia was constant up until the office was finally closed on March 3, 1947.

Following the departure of the Agent assigned to the Embassy, coverage was maintained on an undercover basis until the early part of 1942 when another representative was sent to La Paz to conduct a police school. With the establishment of this school and the formation of the Legal Attache system the Bureau obtained both undercover and open coverage in Bolivia. By July 1943, nineteen Special Agents and Special Employees were on assignment in Bolivia. In August 1946, when the final reduction in staff was begun, there were three representatives stationed there.

After the establishment of the Legal Attache's Office, the Bureau representatives were assigned space in the same building which housed the other Embassy offices. In 1943 a Bureau radio station was installed which was later to prove of immense value to the entire Embassy staff.

SIS objectives in Bolivia centered around the importance of Bolivia to the war effort, principally through its resources of tin ore. In order to protect these resources, therefore, the Bureau's representatives were engaged not only in identifying Axis Agents and assisting in removing them from Bolivia, but it was also necessary for them to follow closely the turbulent political situation and endeavor to ascertain the extent to which other powers, principally Germany and Argentina, were endeavoring to gain control of Bolivia through revolution.

2. Major Accomplishments

a. Axis Agents

SIS investigations identified the important Axis Agents operating in Bolivia. The information regarding these Agents and the dangerous Axis Nationals resident in Bolivia was utilized by the American Ambassador in bringing pressure on the Bolivian Government for the deportation of the

individuals involved. On the basis of the investigations up to July 1, 1944, one hundred sixty-two Axis Nationals were deported from Bolivia. (64-24184-357)

Based on the data accumulated by SIS representatives, twenty-nine Japanese and fifty-two Germans were summarily expelled from Bolivia on May 18, 1944 and taken to Panama for interment. The Legal Attache at La Paz, at the request of the American Ambassador, handled all the details of the expulsion with the Bolivian Government inasmuch as the United States at that time did not maintain formal diplomatic relations with the Bolivian authorities. With the removal of these Axis Nationals the expulsion program as developed by Bureau representatives was virtually completed since other individuals known to be dangerous to the welfare of the United Nations had been removed from Bolivia on previous occasions. The Bureau's representatives also acted on behalf of the American Embassy during the previous deportation proceedings and had accompanied the Axis Nationals by train from La Paz to Arica, making certain that all of them boarded the ships which were assigned to remove them from the Western Hemisphere. (66-2362-204-3 and 64-2904)

b. Smuggling Activities

During the war, Bolivia was under agreement to sell the United States all of its locally produced rubber with the exception of a small quantity which was to be retained for commercial use in Bolivia. Due to the urgent need for rubber it became vitally necessary to control the smuggling of rubber from Bolivia to the lucrative market in Argentina.

Throughout the war, members of the Legal Attache's Offices in Buenos Aires and La Paz assisted the United States and Bolivian Governments in the detection and recovery of contraband rubber shipments. Late in 1945 and early in 1946, largely as a result of pressure exerted by the American Embassy in La Paz and based on information obtained by the Legal Attache's Office and by the Rubber Development Group Inspectors, the Bolivian Government issued decrees establishing a special rubber police thereby tightening the control of the Argentine-Bolivian border. (64-309-204-32)

An example of the smuggling activities uncovered was the case of four trunks containing 876 pounds of rubber which were seized by Bolivian Customs Authorities on April 17, 1945. These trunks were the property of a Bolivian Senator who was en route to Argentina on a diplomatic mission. Investigation by SIS representatives showed that the Senator had used bribery and threats in an effort to secure clearance for the rubber. As a result of this incident the Bolivian Government undertook a clean-up of their Customs Department. (64-309-204-32)

Another investigation disclosed that the [redacted] in Bolivia, [redacted] had been instructed to aid in the smuggling of rubber, medical, and other source commodities into Argentina. The Bureau'

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representatives ascertained that [redacted] had admitted being given the responsibility of filling a minimum quota of fifty tons of rubber per year. It was also ascertained that he was furnished $250,000 through the Argentina diplomatic pouch for the purpose of financing and shipping rubber purchased in Bolivia. (64-309-204-24,29)

The Legal Attache's Office in La Paz compiled a comprehensive summary report on rubber smuggling from Bolivia to Argentina between 1942 and 1946. This report identified more than 400 known smugglers and included numerous Bolivian citizens and police officials as well as several cabinet members and Congressmen. (64-309-204-32)

c. Plant Surveys

At the specific request of the United States Ambassador, three Special Agents were sent to Bolivia in July, 1942 to survey the essential industrial installations in that country.

Due to the fact that the Bolivian tin deposits were the principal sources of tin remaining available to the United Nations after the Japanese took possession of the Malayan deposits, it was considered vitally important that protective measures be taken against possible sabotage. Surveys were made of the Hochschild SAMI interests and the Patino Mines and Enterprises Consolidated, Incorporated, two of the largest tin mining interests in the world. Recommendations regarding protective measures to be undertaken were furnished to the respective managers of these enterprises who were highly enthusiastic and complimentary as to the thorough and efficient manner in which the surveys were conducted and the intelligent recommendations which were offered.

Surveys were also made of the Bolivian Power Company, Limited and the Compania Minera y Agricola Opoca de Bolivia. The Bureau's Agents likewise surveyed the airline route which consisted of the Pan American-Grace Airways, and the Lloyd Bolivian Airlines.

It was significant that no act of sabotage subsequently occurred to interrupt the flow of materials vital to the war effort in Bolivia. The American Ambassador expressed satisfaction over this situation and commended the way in which the Bureau's Agents had carried out the Plant Protection work. (64-2916; 64-2900-176)

d. Kidnapping of Mauricio Hochschild

On the afternoon of July 30, 1944, Mauricio Hochschild, one of the wealthiest tin magnates in the world, and his manager, Adolf Blum, were kidnapped at La Paz, Bolivia. Both men were seized by [redacted] and his cohorts and held captive until Sunday August 15, 1944, during which time they were subjected to many indignities at the hands of the kidnappers.

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The Legal Attache in La Paz learned the identity of the kidnappers and also learned that the ultimate objective of these individuals was to kill the victims. On the basis of this information, the Bureau representative recommended to President Gualberto Villarroel that immediate action be taken to secure the victims' release. It is noteworthy that the American Military Attache in La Paz had been informed by [redacted] of his part in the kidnapping and that [redacted] companions had definitely decided to kill Hochschild and Blum. The Military Attache, however, concealed this information for three days and only admitted knowing it when he ascertained that the Legal Attache had identified the kidnappers through other sources. The refusal of the Military Attache to divulge this information while he was fully aware of the interest which the American Embassy had in the kidnapping and the fact that any delay constituted a grave danger to the lives of the victims, resulted in his being recommended for recall from his post. According to information subsequently received, both Hochschild and Blum were convinced that their lives were saved by the prompt action of the Legal Attache. (100-28156)

e. Political and Revolutionary Activities

(1.) Major Elias Belmonte. Due to the important position occupied by Bolivia in the production of materials for the war effort, the country was a potentially fertile field for Axis activities. Following the expulsion of the important Axis Nationals the dangers of espionage and sabotage on the part of enemy agents was greatly reduced. The possibility remained, however, that through a revolution or coup'd'etat, persons sympathetic with the Axis powers might be able to seize control of the country. It, therefore, became vitally important for the Bureau's representatives to follow the turbulent political situation closely.

It was this danger of Bolivia's falling into the hands of a pro-Axis group which prompted the State Department to request that an Agent be assigned to the Embassy in La Paz in the summer of 1941. At that time information had been received that Major Elias Belmonte, the Bolivian Military Attache at Berlin, Germany, was conspiring to foment a revolution in Bolivia among certain Army and government officers with the backing of German interests. Belmonte expected to assume the Presidency at the successful conclusion of the revolution and thereafter place the country under German domination. This plan was ascertained by the British when Belmonte's letter of final instructions to the German Minister in Bolivia, Ernest Wendler, was intercepted by British censorship. The communication was brought to the attention of President Enrique Penaranda who immediately declared a state of seige, arrested numerous conspirators and declared Minister Wendler persona non grata, expelling him from the country. (64-2906-31)

During the following years reports were received that Belmonte might endeavor to return to Bolivia from Europe. The fear existed that should he succeed in reaching Bolivia, he might institute a revolution and install a pro-Nazi Government. The matter was, therefore, closely followed by SIS representatives in America and Europe. Due to the intense interest of the State Department in the matter, a special memorandum was prepared by

the Bureau, based principally on decoded German clandestine radio messages sent by the HDZ ring in Argentina, which showed Belmonte's collaboration with the Germans while he was in Berlin during the war. This memorandum clearly indicated that the Germans were using Belmonte for their political interests and that he hoped to become President of Bolivia through their support. His connections with the Nazis were further corroborated by the subsequent interrogation of top-flight German Intelligence Officers. Through these interrogations, it was proven that Belmonte had served as a paid employee of the German Sicherheitsdienst.

Early in 1946 the Bolivian Minister of Foreign Affairs advised the American Charge d'Affaires that the Bolivian Government, which had been furnished paraphrased decoded messages concerning Belmonte, would not take any action in the matter because such punitive action might precipitate an embarrassing situation. This decision was further strengthened by the fact that the evidence was of such a nature that it could not be disclosed in any action against Belmonte.

In May 1946, Belmonte was elected "en absentia" to the Bolivian Chamber of Deputies. Certain sectors of the press launched a propaganda campaign calling for his return to Bolivia in order that he might take his seat in the Chamber of Deputies. In January 1947, Belmonte again endeavored to return to the Western Hemisphere. He was prevented from so doing, however, largely by the information which was furnished to the Bolivian Government by the Legal Attache through the American Ambassador. By the time SIS operations ceased, Belmonte had still not been able to return to Bolivia. (64-20113)

(2) Political Upheavals. The Bureau's representatives in Bolivia constantly followed the unsettled political situation. The first successful revolution came on December 20, 1943. At that time the Office of the Legal Attache was the only agency, either commercial or governmental, which was able to communicate with the outside world. The morning that the revolution occurred the radio transmitter in the Legal Attache's Office was used to furnish the Bureau with information regarding the overthrow of the Bolivian Government, the individuals responsible for the revolution, the amount of force employed, and the casualties and damage resulting from the struggle. In this emergency the Bureau radio proved of invaluable assistance to the Ambassador and other Embassy officials by relating messages to their respective headquarters in Washington. (64-23775-24) b7C b7D

One of the Bureau's [redacted] In this matter he was able to [redacted] of the policies of the Bolivian Government and the identity of persons who consulted with the President in instances [redacted] was needed. As soon as the revolutionary government was established that Agent was able to work for some time as an [redacted] in the American Embassy. This gave him the opportunity to correlate the information previously obtained regarding the individuals who participated in the new revolutionary government of Gualberto Villarroel

as well as regarding those who had been associated with the previous regime. (64-4177-122)

The Villarroel Government was frequently threatened by other revolutionary forces. It was finally overthrown in a very bloody revolution of July 20-21, 1946. At that time the Bureau's representatives again performed extremely useful work in covering the course of the revolution and in maintaining contact with the United States. As on the previous occasion the Bureau's radio transmitter in La Paz was the only means of communication available to American officials in Bolivia. It was utilized for the transmittal of messages for the State Department as well as for the War and Navy Departments, in addition to furnishing the Bureau accurate and useful reports of revolutionary developments as soon as they occurred. (64-2901)

3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Bolivia:

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		La Paz	8/43 - 1/45	Official
		La Paz	5/46 - 10/46	Legal Attache
		La Paz	6/42 - 1/43	Undercover
		La Paz	7/44 - 8/45	Undercover
		La Paz	5/43 - 11/43	Legal Attache
		La Paz	2/43 - 1/44	Undercover
		La Paz	6/43 - 11/43	Official
		La Paz	7/41 - 6/42	Undercover
		La Paz	8/41 - 9/41	Official
		La Paz	4/43 - 11/43	Undercover
		La Paz	5/43 - 9/43	Official
		La Paz	5/43 - 10/44	Official
		La Paz	1/42 - 6/42	Official
		La Paz & Cochabamba	5/43 - 12/43	Official
[redacted]		La Paz	11/45 - 7/46	Official
		La Paz	3/43 - 10/43	Undercover
		La Paz	3/45 - 2/46	Official
		La Paz	2/43 - 9/43	Official
		La Paz	8/42 - 6/43	Plant Survey
		Cochabamba	5/43 - 11/43	Official
		La Paz	6/45 - 4/47	Legal Attache
		La Paz	5/43 - 11/43	Official
		La Paz	4/42 - 12/42	Undercover
		La Paz	11/43 - 8/44	Official
		La Paz	4/44 - 10/44	Legal Attache
		La Paz	2/42 - 7/43	Legal Attache
		La Paz	6/46 - 7/46	Official
		La Paz	7/42 - 9/43	Plant Survey
		La Paz	12/44 - 11/45	Legal Attache
		La Paz	2/43 - 12/43	Official
		La Paz	6/42 - 10/43	Official
		La Paz	5/43 - 11/43	Undercover
		La Paz	6/43 - 11/43	Official

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Sucre	9/42 - 11/43	Undercover
La Paz	7/42 - 9/43	Plant Survey
La Paz	8/43 - 11/43	Official
La Paz	8/42 - 6/42	Undercover
La Paz	6/42 - 1/43	Undercover

4. Bibliography

a. Principal Investigative Files

64-2900 General Miscellaneous File on Bolivia

64-2900-A Miscellaneous File on German Activities in Bolivia

64-2900-B Miscellaneous File of Japanese Activities in Bolivia

64-2900-C Miscellaneous File on Italian Activities in Bolivia

64-2900-D Miscellaneous File on Communist Activities in Bolivia

64-2900-E Miscellaneous File on Spanish Activities in Bolivia

64-2900-F Miscellaneous File on French Activities in Bolivia

64-2900-G Miscellaneous File on British Activities in Bolivia

64-2900-H Miscellaneous File on American Activities in Bolivia

64-2901 General File covering Political Matters in Bolivia

64-2902 General File covering Economic Matters in Bolivia

64-2903 General File covering Social Matters in Bolivia

64-2904 General File covering Foreign Agents in Bolivia

64-2904-A German Agents in Bolivia ✓

64-2904-B Japanese Agents in Bolivia

64-2904-C Italian Agents in Bolivia

64-2904-E Spanish Agents in Bolivia

64-2904-F French Agents in Bolivia

64-2905 General File covering Foreign Propaganda in Bolivia

64-2905-A German Propaganda in Bolivia

64-2905-C Italian Propaganda in Bolivia

64-2905-D Communist Propaganda in Bolivia

64-2905-E Spanish Propaganda in Bolivia

64-2905-G British Propaganda in Bolivia

64-2905-H American Propaganda in Bolivia

64-2906 General File covering Foreign Penetration in Bolivia

64-2906-A German Penetration in Bolivia

64-2906-B Japanese Penetration in Bolivia

64-2906-C Italian Penetration in Bolivia

64-2906-E Spanish Penetration in Bolivia

64-2906-F French Penetration in Bolivia

64-2907 General File covering Sabotage in Bolivia

64-2908 General File regarding Foreign Residents in Bolivia

64-2908-A German Residents in Bolivia

64-2908-B Japanese Residents in Bolivia

64-2908-C Italian Residents in Bolivia

64-2908-D Communist Residents in Bolivia

64-2908-E Spanish Residents in Bolivia

64-2908-F French Residents in Bolivia

64-2908-H American Residents in Bolivia

64-2908-N Austrian Residents in Bolivia

64-2910 General File covering Military and Naval Matters in Bolivia

64-2911 General File covering Foreign Firms in Bolivia

64-2911-A German Firms in Bolivia

64-2911-B Japanese Firms in Bolivia

64-2911-C Italian Firms in Bolivia

64-2911-E Spanish Firms in Bolivia

64-2911-H American Firms in Bolivia

64-2912 General File relative to Radio Stations in Bolivia

64-2912-A German Radio Stations in Bolivia

64-2912-B Japanese Radio Stations in Bolivia

64-2912-C Italian Radio Stations in Bolivia

64-2912 General File covering Plant Survey Program in Bolivia

64-20115 Major Elias Belmonte

66-2362-204 Repatriation of Axis Nationals in Bolivia

64-309-204 Smuggling Activities in Bolivia

100-28156 Mauricio Hochschild

b. Administrative Files

64-4500 General Office Administrative File for Bolivia

64-4984-204 Monthly Report Sheets from Legal Attache's Office in Bolivia

64-4786 Living Conditions in Bolivia

67-383665 Office Personnel File for Legal Attache's Office in Bolivia filed under caption, "Embassy, La Paz, Bolivia." The Inspection Reports submitted relative to this office are in a separate folder.

64-29833-204 Police Matters in Bolivia

64-4123-204 Informant File for Bolivia

c. Monographs

"Totalitarian Activities in Bolivia" General monograph covering various phases of the Bureau's work in Bolivia. Printed June 1942; 81 pages.

"SIS Office, La Paz" Contains photographs of Legal Attache's offices and facilities in La Paz.

"Communist Movement in Latin America " General monograph covering Communism on a hemisphere basis. Published January, 1946; pages 24 - 25 refer to Bolivia.

"The Japanese in Latin America" General monograph. Published November, 1945, pages 99 to 105 refer to Bolivia.

"SIS Office, La Paz, Bolivia" Photographs of the SIS offices and facilities in Bolivia.

E. BRAZIL

1. SIS Facilities and Objectives

SIS coverage in Brazil was inaugurated in October 1940, when the first Agent was sent to Rio de Janeiro. Coverage was subsequently expanded until October 1943, when a total of fifty Special Agents and Special Employees were assigned to the country. By August 1946, when the final reduction in staff was begun, there were twenty Agents stationed throughout the republic.

Following the assignment of personnel attached to the Embassy, the Legal Attache's Office was established in the Embassy building proper, sharing space with the State Department representatives.

Due to its location, Brazil was one of the most strategic countries in the plans of the Axis powers. The well-laid plans to use Brazil as an espionage base, however, were disrupted by SIS operations coordinated with the cooperative activities of the Brazilian police. During the days prior to the involvement of the United States in the war, the objectives of the SIS representatives in Brazil were the identification of Axis agents and the determination of their activities. Following the breach of relations between Brazil and the Axis countries in February, 1942, and the declaration of war by Brazil on August 22, 1942, these objectives were extended to furnishing pertinent information to the Brazilian authorities for use in the arrest of enemy agents and to cooperating with the police in the prosecution of charges against those agents. The close police liaison which was maintained by the SIS representatives permitted them to interview and interrogate the more important Axis agents arrested by the Brazilian police. Through these interrogations it was possible to develop more complete details relative to enemy activities and intelligence organizations. In view of the cooperative attitude of the Brazilian Government, the fundamental SIS objectives in that country were not only those of an intelligence agency but also those of an agency collaborating in law enforcement work.

The value of SIS cooperation with the Brazilian police in combating Axis intelligence activities in Brazil was attested to by Dr. Joaquim Antunes de Olivbeira, the principal contact between the Bureau's representative and the Brazilian police, on the occasion of his promotion to the rank of Commander. In replying to speeches praising his leadership of Brazil's campaign against Axis activities, Antunes stated that ninety per cent of the success obtained by his colleagues and himself in counterespionage could be attributed to the activities of the Bureau in Brazil.

2. Major Accomplishments

a. German Activities

The most outstanding achievement of SIS operations in Brazil was the investigation of espionage activities which led to the discovery of several rings in communication with Germany by means of clandestine radio transmitters. When this information was turned over to the Brazilian authorities the leaders and collaborators of the various rings were immediately

arrested and the activities which caused Brazil, and Rio de Janeiro in particular, to be called the center of Nazi espionage in the Western Hemisphere were brought to an abrupt close.

On March 10, 1942, the police of Sao Paulo arrested Nils Christian Christensen, the chief of the clandestine radio ring known as CIT. Some of the members of this ring were connected with other espionage rings. In addition to the CIT group, there were five other rings designated, as in the case of CIT, by the call letters of their radio transmitters: CEL, LIR, JOH, HTT, and LFS. The premature action of the Sao Paulo police forced the Bureau's representative in Rio de Janeiro to deliver the information in his possession to the local authorities so that the members of the hitherto uncovered rings would have no opportunity to escape or destroy evidence. On March 20, 1942, it was reported that with few exceptions all of the members of the radio rings had been taken into custody by the Brazilian authorities. (64-3012-A-2-83;64-3012-A-3-69;64-3012-A-4-89)

Immediately after these arrests the Berlin radio began to attack Brazil in its broadcasts and to threaten reprisals. These threats were ultimately carried out by the sinking of five Brazilian ships by German submarines. News of these sinkings was made public by the Brazilian Government on August 18, 1942, and on August 22, war was declared on the Axis powers. (64-3000-A-289,339)

A considerable amount of the investigation conducted relative to these espionage groups was based on information obtained from the messages transmitted to and received by the clandestine stations. The technical facilities of the Bureau were used to monitor the several German transmitters, and by analysis and coordination of information obtained from the decodes of the messages, furnished by the Technical Laboratory, and the intensive investigation by SIS representatives, the persons referred to in the messages were identified, their cover names ascertained, and their associates were established.

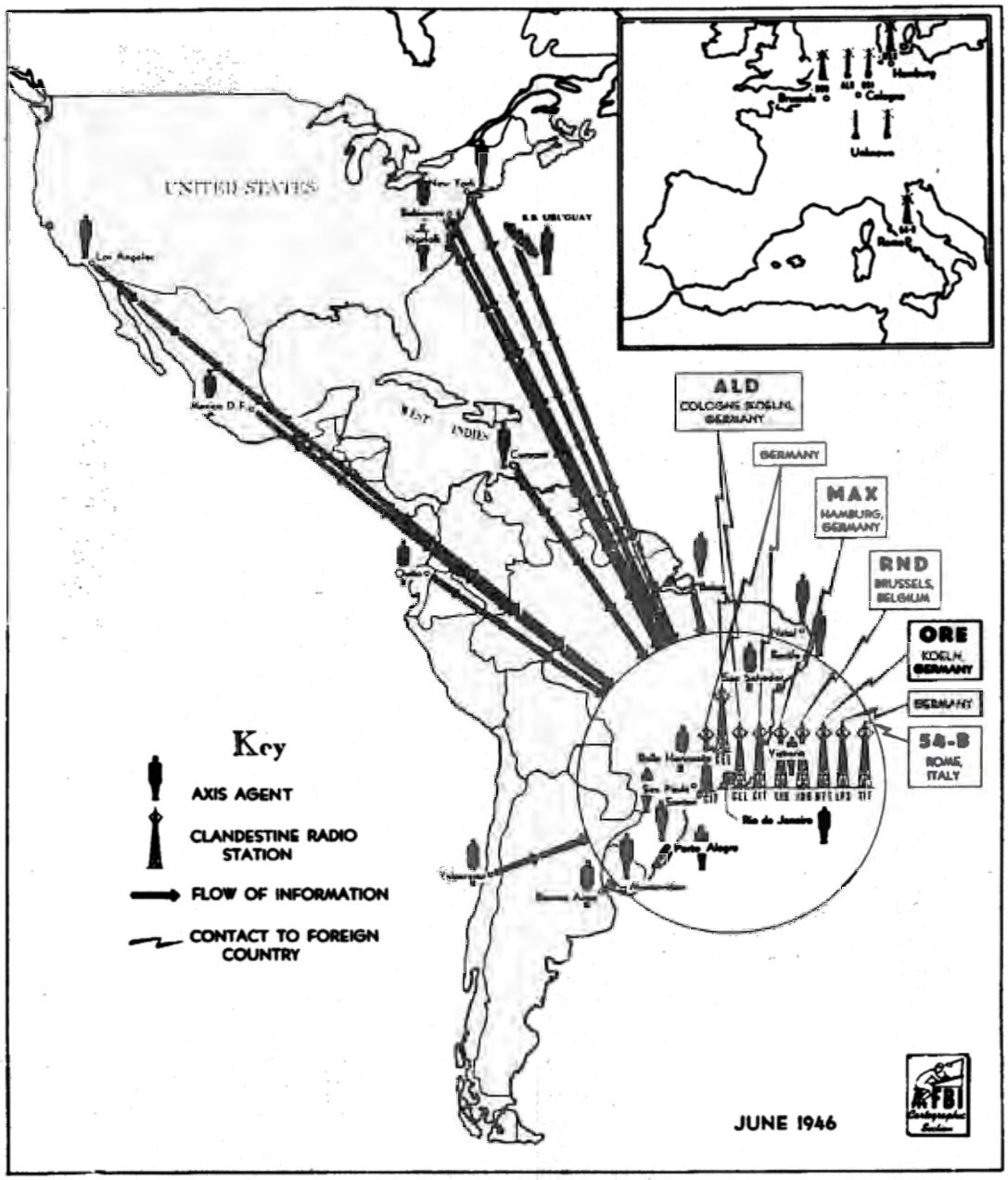
Information thus obtained facilitated the investigation of agents in other countries. For example, it was discovered that Kempter of LIR had agents in Buenos Aires, Argentina in the persons of Ottomar Muller, Hans Napp, and Walter Freiwald, who have been previously discussed in the section regarding Argentina. (64-3012-A-2-160)

To obtain the necessary information in these cases, SIS representatives conducted surveillances and in one instance employed a double agent, [redacted] who obtained important information from Antonio Gama Pinto of the CEL group by delivering to him certain magazines containing data of interest to Gama Pinto's employers. These magazines were furnished to [redacted] by the Bureau's representatives in Rio de Janeiro. [redacted] was also installed in an apartment across from the place maintained by Federico Kempter and Herbert von Heyer who were endeavoring to operate a transmitter. (64-3012-A-2)

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REPUBLIC OF BRAZIL

Location of
AGENTS WHO SUPPLIED INFORMATION TO SECRET AXIS RADIOS



Another important development resulting from the work of SIS related to the prosecution of enemy agents under Brazilian law. The activities of the German espionage rings took place while Brazil was not at war and there was no law in effect under which they could be prosecuted. The Brazilian constitution moreover contained an article expressly prohibiting the enactment of retroactive laws. The Government's first step, therefore, was to revoke that article and its second step was the publication on October 1, 1942, of a decree designating crimes and offenses against the national security. The decree was made retroactive to the date of the severance of relations with Germany, Italy and Japan. Under this decree convictions were obtained and sentences passed on the members of the various espionage groups. As a result of this action, the German espionage system in Brazil was effectively broken up. (64-3001-230-244)

(1) CEL Radio Ring - Probably the most important of the early German clandestine radio rings in South America was the CEL group. This ring formed an integral part in the pattern of German espionage in the Western Hemisphere and was linked with German agents in the United States, serving as a relay unit in forwarding communications from Nazi agents in this country to Germany.

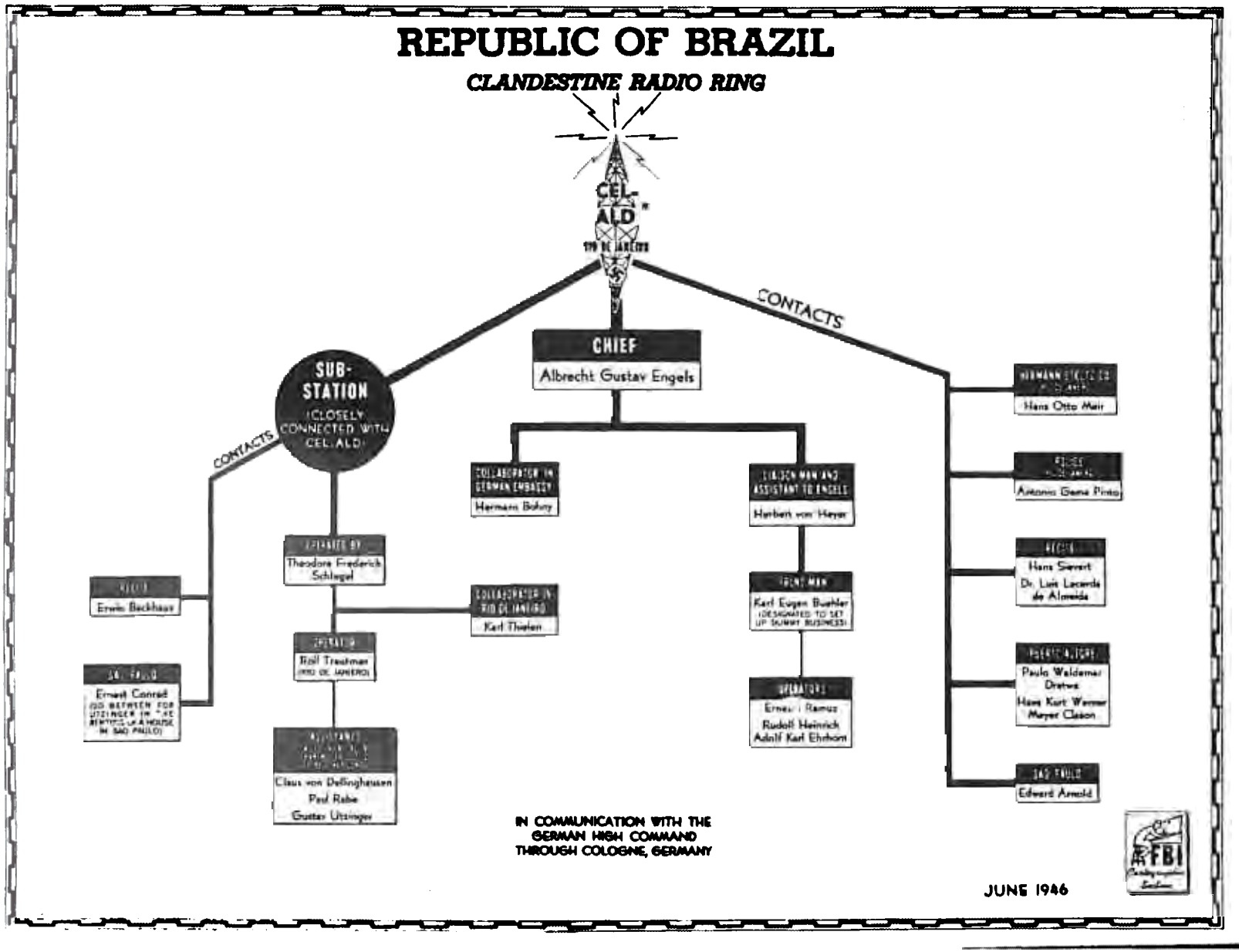
The leader of the CEL group was Albrecht Gustav Engels, a ranking executive and director of the well known German firm, Allgemeine Elektrizitaets Gesellschaft, (AGE). Engels, however, received a great deal of his inspiration and direction from Hermann F. Bohny, the German Naval Attache to Brazil and Johannes Siegfried Becker, who later blossomed out as the chief Sicherheitsdienst agent in South America.

Engels was originally recruited as an Abwehr agent in September, 1939. Toward the end of 1940 he was approached by Johannes Siegfried Becker who proposed the development of a complete espionage organization with Engels as Executive Director. Becker provided Engels with secret inks, codes, and a radio transmitter. A microphotographic machine was also made available for his use. The initial radio contact with Germany was worked out by Becker and Benno Sovisch, a German radio technician, now deceased. The principal radio technician and operator for the station, Ernst Ramuz, was recruited by Engels.

Dietrich Niebuhr, who as previously indicated, was the German Naval Attache in Buenos Aires and Rio de Janeiro, supplied Engels on one occasion with 60,000 Argentine pesos. It appears that the Engels group had at its disposal at least $112,000.00, United States currency. Engels subsequently claimed that most of his agents worked for patriotic reasons and were not paid. This appears to have been borne out by the fact that on the eve of his arrest Engels was able to turn over approximately $85,000.00 to Gustav Glock, Secretary to the German Embassy.

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



SECRET

The CEL radio ring was broken up by the arrests of the principal operators in the early part of 1942. Engels was arrested on March 18, 1942, and subsequently sentenced to thirty-three years imprisonment. Heavy sentences were also given to many of the other participants in this ring. Hermann F. Bohny was exempted because of his diplomatic immunity as German Naval Attache. Hans Otto Meier was sentenced to twenty-five years; Herbert Julius von Heyer was sentenced to twenty years; Hans Heinrig Seivert was sentenced to twenty years; Hans Kurt Meyer Classon to twenty years; Edward Arnold, Hans Muth, and Rudolf Ehrhorn to twenty-five years each. (64-3012-A-3)

Closely associated with the CEL group, although not actually a part of it, was a group headed by Theodor Friedrich Schlegel. Schlegel, a German officer, was in Brazil when the war broke out. He contacted Benno Sovisch who built him a radio transmitter and instructed an operator how to get in communication with Schlegel's company in Germany in order to forward intelligence information. After August, 1941, Schlegel transmitted clandestine messages to Germany using Rolf Trautmann as his radio operator. He also furnished material to Engels to be transmitted to Germany. Schlegel's sub-ring was broken up by the Brazilian police in March, 1942. Schlegel was subsequently sentenced to fourteen years imprisonment and Trautmann was given an eight years sentence. (64-3012-A-3)

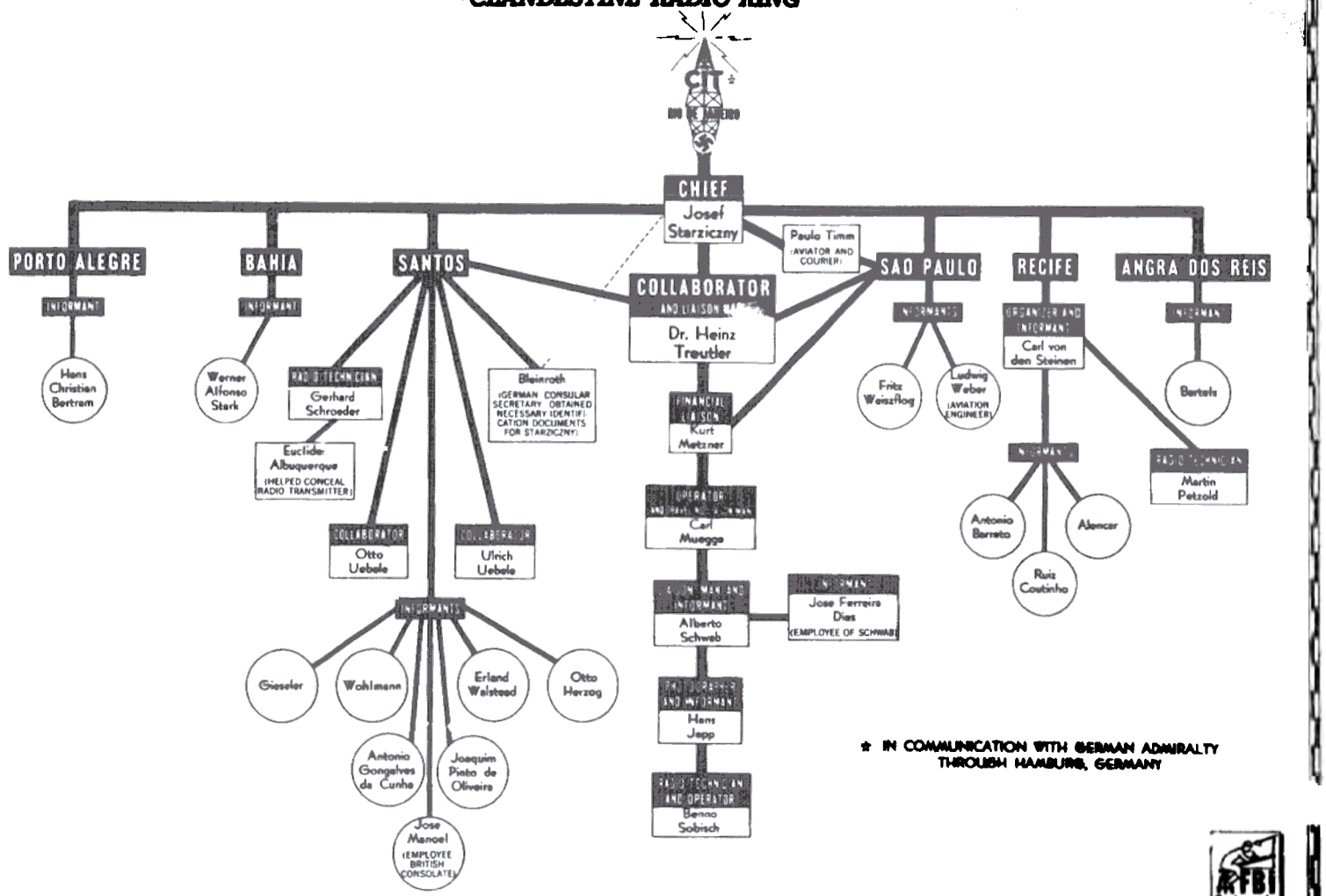
(2) CIT Radio Ring. One of the most successful rings was the group known as the CIT. This ring began operations in May, 1941, in several coastal cities, principally Rio de Janeiro, Santos, Sao Paulo and Recife. The ring specialized in maritime information and used three transmitters, only one of which functioned successfully. In all, the group sent some 490 messages to Germany.

The head of the CIT ring was Josef Jacob Johannes Starziczny, who was known in Brazil under the name Nils Christian Christensen. It was the arrest of this individual by the Sao Paulo police, which forced the Bureau's representatives in Brazil to turn over the available data regarding the other inter-related German espionage organizations prematurely. The interrogation of Starziczny and subsequent investigation resulted in the arrest of approximately forty individuals, eighteen of whom were convicted of espionage on October 29, 1943, and sentenced to a total of 309 years in prison.

Starziczny was originally prepared by German Intelligence for assignment in England. However, as a result of excessive drinking and a severe nervous condition, believed to have been self-induced in order to avoid departing on the mission to England, Starziczny became severely ill and the trip was canceled.

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



Following his recovery, he was trained for a mission to the Western Hemisphere and sent to Brazil in order to create an espionage organization and install a communications system between that country and Germany. He was then to proceed to the United States on a similar mission.

At the time of his arrest on March 10, 1942, Starziczny had groups of agents sending him information from Recife in the Northern part of Brazil and from Santos and Sao Paulo in the South. He also received supplemental data from agents in Rio de Janeiro. He likewise maintained some contact with agents attached to other German espionage groups such as Engels of the CEL ring and Hermann Bohny.

Starziczny's first radio messages were sent to Germany in May, 1941, approximately one month after his arrival in Brazil. Benno Sovisch, who assisted other German radio rings in Brazil, aided in setting up the transmitter.

The activities of the ring were brought to an abrupt close with Starziczny's arrest. Heavy sentences were meted out to the agents of the ring, Starziczny receiving a thirty year prison term. Hans Ulrich Uebele, Carlos Hans von den Steinen, Fritz Weissflog, Albert Schwab, Karl Mugge and Heinrich Bleinroth received twenty-five year sentences. Max Bernhardt, Walter Bartels, Martin Peter Friedrich Petzold, Wilhelm Gieseler, Antonio Gongalves da Cunha, Joaquim Pinto de Oliveira and Jose Ferreira Dias were sentenced to twenty years imprisonment. Other agents of the ring were given seven or eight year sentences. (64-3012-A-4)

(3) LIR Radio Ring - This ring has been previously discussed in part in the section on Argentina. It operated one of the most successful clandestine stations in Rio de Janeiro during 1941 and part of 194 It was originally organized by Friedrich Kempter for the purpose of supplying Germany with information concerning Allied ship movements.

Kempter's operations were cloaked under the cover of a credit reporting service known as Informadora Rapida, Ltd., with the assistance of an Austrian named Heriberto J. Muller. Kempter was employed by the German High Command in March, 1940, and early in that year he began furnishing reports from Brazil to a cover company in Germany. Near the end of the year it was suggested that he secure a radio technician to assist in transmitting information to Germany relative to neutral and allied shipping in Brazilian ports. With the assistance of Benno Sovisch, Kempter erected a transmitting station and funneled information to Germany relative to ship movements in Brazilian waters.

Kempter had numerous contacts outside of Brazil in addition to his previously described associates in Argentina. He received information from Uruguay and Ecuador and was instructed to contact Heinrich Clausing, a steward on one of the Good Neighbor Fleet ships of the Moore-McCormack

SECRET
295

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



* IN COMMUNICATION WITH HAMBURG, GERMANY

JUNE 1946

SECRET

Lines. Before he could contact Clausing, however, the latter was arrested in the United States for his espionage activities in the spy ring led by Frederick Joubert Duquesne. Kempter likewise maintained contact with other German espionage groups in Brazil such as the CKL organization and had informants in Recife and Bahia, Brazil.

Following the death of Bemmo Sovisch, the technical work on the transmitters was handled by Gustav Edward Utzinger. The activities of the LIR ring were broken up by the arrest of Kempter on March 20, 1942. Thereafter his various associates were also apprehended. Kempter was sentenced to twenty-five years imprisonment; Karl Eugen Haering was given twenty years; Heriberto Joseph Muller eight years and Carlos Fink seven years. Utzinger escaped and eventually went to Argentina where he was arrested by the Buenos Aires police in August 1944. (64-3012-A-2)

(4) LFS Ring. Although surpassed in efficiency by some of the larger clandestine radio rings in Brazil, the LFS group headed by Frank Walter Jordan constituted a definite threat to the allied war effort.

Jordan, world traveler, newspaper correspondent and photographer, was recruited and trained in Germany for an espionage assignment in Rio de Janeiro. His special task was to submit to Germany, by radio, allied shipping information.

Jordan reached Brazil in the early part of 1941 aboard the German blockade runner "Lech". By June 1941, he had a radio station in operation. Some fifty-nine messages were exchanged between his station and Germany, when his last message was intercepted on March 6, 1942. Most of the information submitted by Jordan pertained to allied vessels, their cargoes and destinations. A few messages concerned Brazilian troop movements and the shipment of mechanized equipment to the North of Brazil.

Jordan enlisted the aid of Dr. Hans Holl and Herbert Winterstein. Holl, a naturalized Brazilian of German birth, was a technician in the Brazilian Ministry of Aeronautics and as such had access to vital data on Brazilian plane production. Winterstein supplied Jordan with commercial information and assisted in recruiting Walter Moll who furnished data about shipments.

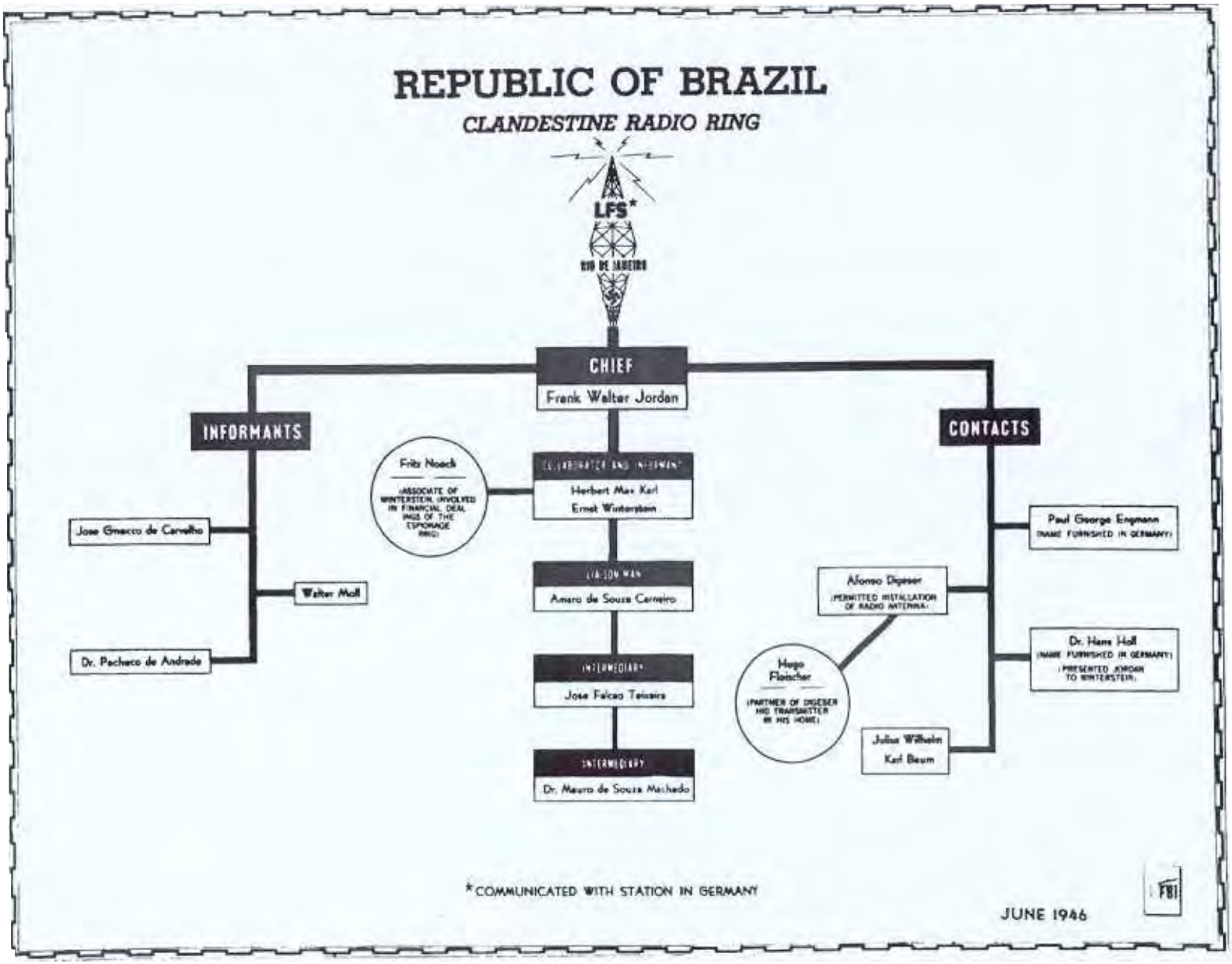
The LFS ring was effectively broken up in March 1942, when the police arrested Jordan and eventually rounded up all of his assistants. Jordan was sentenced to twenty years imprisonment; Walter Moll and Gnecco de Carvalho were sentenced to fourteen and eight years respectively. Alfonso Digeser, Hans Holl, Herbert Max Karl Ernest Winterstein, Julius Wilhelm Karl Baum and Eduardo Pacheco de Andrade all received eight year sentences. (64-3012-A-5)

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REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



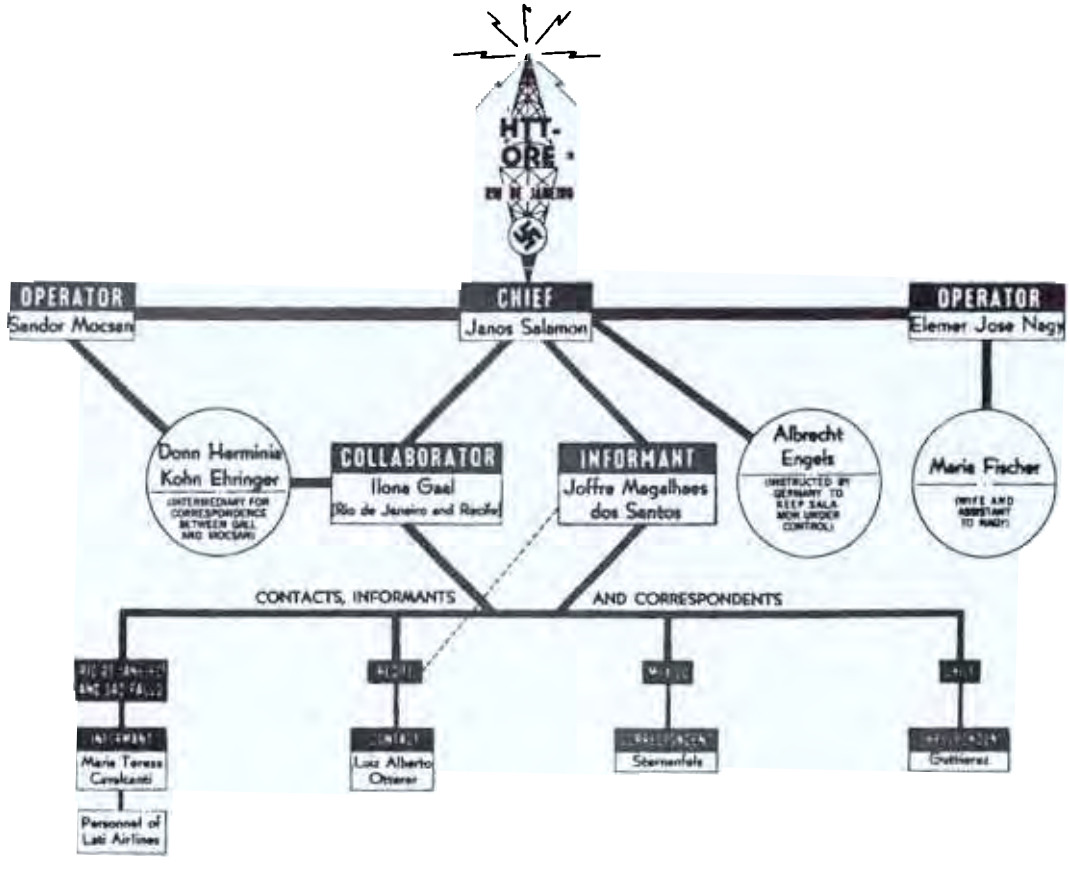
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238

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



* HAD CONTACT IN GERMANY WITH HUGO SEBOLD AND IN HUNGARY WITH JENO PADENGI, VIRAGH, AND AKOS

JUNE 1946

SECRET

(5) HTT Radio Ring. The only known German espionage group whose operations were entrusted to non-Germans was that which centered around the radio transmitter identified by its call letters HTT. The moving forces behind the rather ineffective operations of this station were Sandor Mocsan and Janos Salamon, both Hungarian nationals. At the time the activities of this group were discovered Mocsan and Salamon were already in the custody of the British authorities at Trinidad where they had been removed from the vessel on which they were attempting to return to Europe. Their transmitter as well as the Agents who fed it with information were left under the supervision of Ellemer Jose Nagy. Nagy had become assistant radio operator after contact with Hungary was established and he had gathered together a number of informants among whom were several pilots of the Italian Liner Lati.

Salamon had arrived in Rio de Janeiro originally as a member of the Hungarian Legation, ostensibly for the purpose of studying the commercial possibilities of Brazil in connection with the Free Port of Hungary. Shortly after his arrival he bought a salad oil factory as a "front" for his intended activities. The transmitter used by the group was brought to Brazil in the Hungarian diplomatic pouch by Mocsan. Salamon gradually built up a small ring of informants, among whom was Joffre Magalhaes dos Santos, an investigator for the Brazilian Police.

When pertinent information was furnished to the Brazilian Police by the Bureau's representatives, Janos Salamon and Sandor Motsan were already under arrest by the British. The Brazilian authorities, however, arrested the remaining members of the gang and Joffre Magalhaes dos Santos and Ellemer Jose Nagy were subsequently sentenced to twenty-five years imprisonment. (64-3012-A-6)

(6) JOH Radio Group. Another constituent of the German espionage system in Brazil was the small group of agents headed by Othmar Gamillscheg, which centered around the clandestine radio station JOH.

Gamillscheg's work as an espionage agent began in 1941 upon his return to Brazil from Germany. His principal assistant was Adelberto Wamszer, a Rumanian, who had resided in Brazil since 1924. Wamszer assisted in recruiting agents and at one time endeavored to place an agent in Panama.

The Brazilian Police put an end to the activities of the JCH group at the time the general round-up of Axis agents was made. As a result, Gamillscheg was sentenced to an unspecified term in prison and Wamszer was given a twenty-five year sentence. (64-3012-A-7)

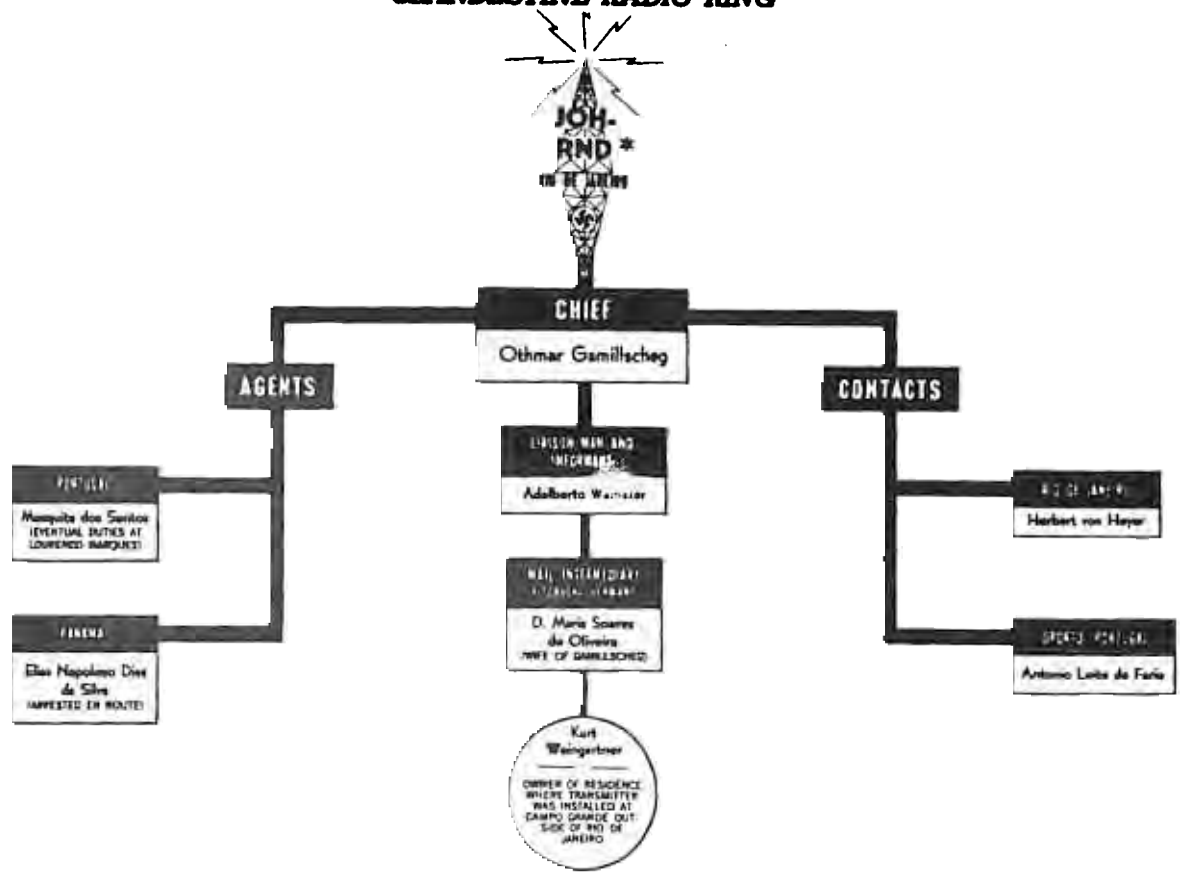
(7) Werner Christoph Waltemath. In Sao Paulo a closely knit organization was founded by Werner Christoph Waltemath who had been recruited as an espionage agent in Germany for the purpose of reporting develop

SECRET

390

REPUBLIC OF BRAZIL

CLANDESTINE RADIO RING



*COMMUNICATED WITH STATION RND LOCATED IN BRUSSELS, BELGIUM

JUNE 1946

SECRET

ments in American and Canadian aviation. Waltemath had resided in Brazil from 1930 to 1939 when he returned to Germany for a visit. While there he was compelled to serve in the Army and from May 1940 to May 1941, he was in the Signal Corp. He was released from the Army on condition that he would return to Brazil, construct a radio transmitter, and furnish information regardingthe United States. Waltemath returned to Brazil in July 1941.

After settling in Sao Paulo, Waltemath constructed a radio transmitter with the assistance of Carlos Mossbach. This station used the call letters MNT and transmitted several messages which were intercepted by monitors in the United States. It was not definitely determined, however, whether the control station in Germany was able to receive these messages, although it did send calls to MNT which were received by Waltemath.

The principal value of Waltemath to the German espionage system was through the information which he furnished in secret writing letters addressed to a drop box in Madrid, Spain, and in his microphotographs which were sent through Argentina. These microphotographs were made by a photographer, Hans Gunther Muller, and were smuggled in care of Paulo Greise, Waltemath's brother-in-law, to Alfredo Volckers, a contact in Argentina. Volckers in turn arranged for films to be sent to Waltemath by the same means and also forwarded him additional microphotographs containing instructions.

On the basis of the information made available to them by the Bureau's representatives, the Sao Paulo police on June 1, 1943 raided Waltemath's house and found a hole dug beneath the living room floor in which were concealed the radio transmitter, a receiver set, microfilm containing code instructions, a schedule of transmissions, and a book to be used as a code. This hole was large enough to allow Waltemath to work underneath his living room without being observed or disturbed. When questioned Waltemath fully confessed his espionage activities and implicated ten other agents as well as fifteen espionage contacts of the ring. In December 1943, he was sentenced to twenty-five years in prison. Paulo Greise was given a twenty year sentence and the others were sentenced to varying lesser terms. Hans Christian Von Kotze, with whom Waltemath had worked closely, fled from Brazil and went to Canada where he later became [redacted] He was sentenced in absentia by the Brazilian courts to twenty-five years in prison.

The initial information in this case was received by the Bureau from British sources. Almost the entire investigation and interrogation, however, were handled by SIS agents in Brazil in cooperation with the Sao Paulo police. (64-21970)

(8) Ferando Manoel de Almeida e Motta Marques. As a result of an investigation instituted by SIS representatives in Brazil, Ferando Manoel de Almeida e Motta Marques was arrested by the Brazilian authorities after information concerning his activities had been placed in their hands through appropriate Embassy channels. Marques was thoroughly interrogated by SIS representatives in Rio de Janeiro at which time he admitted having been recruited by Francisco Pereira e Abreu, an agent of the Information Service of the Portuguese Legion. Marques's chief duties consisted of furnishing information regarding plots by Portuguese exiles to deliver certain islands to the Allies. He was also instructed in the operation of a short wave radio transmitter. An investigation further revealed that he had corresponded in secret ink with his father, Carlos, in Portugal, who was an active Axis agent. Further investigation by Bureau representatives revealed that Carlos, the father, had been arrested in Portugal and additional questioning of Fernando indicated that he was a member of an organization smuggling platinum and industrial diamonds to Portugal which were delivered by his father to the German authorities. On December 13, 1943 Marques was sentenced to eight years imprisonment by the Brazilian courts. (64-20122)

(9) The Apfel Sabotage Group. In 1945 the Brazilian aspects of the so-called Apfel Sabotage Case were brought to a logical conclusion. This case is discussed further in the section on Chile.

This sabotage ring organized by the Germans was international in scope and covered the most important countries of South America. Georg Konrad Friedrich Blass alias "Dr. Braun", one of the leaders of the group, was in charge of sabotage activities in Brazil and the northern countries of South America. Blass had been an engineer and professor in one of the German Universities prior to his recruitment as a sabotage agent by a member of the German High Command. He was given the code name "Dr. Braun," and sent to Rio de Janeiro to organize a sabotage ring. In April 1940, Blass contacted Boris Dreher, a German National, resident in Rio de Janeiro, who due to his business connections had wide aquaintanceships throughout various Latin American countries. Due to his extensive commercial activities, Dreher had been selected to accompany Dr. Braun on a tour of several of the South American countries to perfect the sabotage organization. Dreher was later chosen as Braun's substitute in the event the latter should be forced to leave Brazil.

Another German National, Karl Otto Gohl, had already been sent by the German Government to Sao Paulo, Brazil, in charge of sabotage activities in that locality. Gohl was an able engineer and was consulted frequently by officials of the Brazilian Government. Because of these contacts, he was considered to be of particular value to the sabotage group.

About two weeks after Blass' arrival in Rio de Janeiro, he and Dreher visited Gohl in Sao Paulo. Gohl later acted as contact man in introducing Blass to Albert Julius Von Appen who was in charge of sabotage in Chile and Peru.

Accompanied by Dreher, Blass visited Colombia, Venezuela, Peru, and Ecuador. In Colombia, Blass recruited additional sabotage agents and left $2,000 each with Ernst Karl Roggemann and Hans Lahrius, later arranging for German officials to send $10,000 each to Roggemann and Herald Von Krogh through the Banco Germanico in Colombia.

No actual sabotage was committed by the Blass-Gohl group. In January, 1940, instructions from Germany had ordered that sabotage activities should be held in abeyance, pending the arrival of an appropriate time. Actual instructions to commence operations were never sent to the group.

One plan, however, was laid by members of the ring, acting through a Brazilian Air Force Captain, to set fire to the German ship, "Windhuk", which had been interned by the Brazilian Government and was to be turned over to the United States authorities. One of the intercepted clandestine radio messages indicated that Gerardo Margella Mourao was involved in this plot. This information was furnished to the Brazilian police by SIS representatives together with the data developed through investigation of Mourao. With this information the police were able to fit Mourao into his proper place as a member of the sabotage group bent on destroying the "Windhuk." Mourao and other members of this particular band were taken into custody in September, 1942, by the Brazilian police.

One actual effort to commit sabotage was made by Karl Gohl. He and two assistants intended to destroy the Cubatao Power Plant and they actually went to the site of the Plant with a sack of dynamite. Circumstances arose, however, which caused them to leave the dynamite in the suburbs of Sao Paulo and abandon the plan.

The case was broken in March 1945, when Von Appen, in Chile, disclosed the ramifications of the German sabotage organization in South America to the Chilean police. The Legal Attaches in the various countries assisted the local governments in breaking up the rings and in apprehending the principal subjects. Dr. Braun was arrested by the Brazilian police on March 31, 1945. Under questioning he admitted his participation in the activities of the group and stated that approximately $80,000 had been made available to him and Karl Voghl for sabotage purposes. Braun implicated Albert Thile, Walter Augustin, and Hans Otto Meier as members of his organization. All of these individuals were detained by the Brazilian police and admitted their activities. (64-3012-A-3-178) (64-2330

(10) Black Listed Firms. With regard to the United States Proclaimed List of Certain Blocked Nationals, the activities of SIS representatives in Brazil were of considerable importance. During the investigation of the several clandestine radio rings, information was obtained which conclusively showed the participation of the powerful German firms, Hermann Stoltz & Cia. and Theodor Wille & Cia. in Nazi activities. In the prosecution of Theodor Schlegel, to whom reference has previously been made, the directors of the Hermann Stoltz organization were charged with "criminal responsibility" for the part played in espionage activities by their firm. (64-3004-A-1369)

Other firms on the Proclaimed List whose activities were also investigated in connection with the activities of espionage agents were:

Ricardo Loddere & Cia. (Ricardo Lodders) - (64-3004-A-361)
Acos Marathon do Brazil (Theodor Schlegel) - (64-3012-A-3-12)
Tubos Mannesmann (Arn Lieckefeld) - (64-3004-A-735)
Stark & Cia. (Werner Stark) - (64-3012-A-4 - 79)
Informadora Rapida Ltda. (Federico Kempter) - (64-3012-A-2)
Siemens-Schuckert - (Brazilian Monograph, page 130)
Zeiss Sociedad Optica Ltda. (Dr. Heinrich Niemeyer) - (64-3012-A-2)
A.E.G. Companhia Sul Americana de Electricidad
(Albrecht Engels) - (64-3012-A-3 - 183)
Auto Distribuidora Ltda. (Kurt Metzner) - (64-3012-A-4 -89)
Richard Burgers (Richard Burgers) - (Brazilian Monograph, pages 120, 126, 150)
Wilhelm Adolf Paul Gieseler (Gieseler) - (64-3012-A-4 - 89)
Weiszflog Irmaos (Fritz Weiszflog) - (64-3012-A-4 - 89)

Through initiative and resourcefulness, one of the SIS representatives in Sao Paulo, Brazil, was able to penetrate the German community and through his close contacts and associations with members of that community, the Bureau was able to obtain important information concerning the dealings of the various German individuals who were placed on the Black List. (64-20614-14)

b. The Communist Movement

(1) Local Communist Activities. The Communist movement during the early stages of SIS coverage in Brazil was not of primary interest. With the growing influence of the Communist elements, however, and the final legalization of the Party in April, 1945, these activities achieved a status of major importance. SIS coverage of Communist and Soviet matters in Brazil was highly effective through a combination of police informants, regular informants within the Communist Party and technical coverage. During the last two years of SIS operations, our Brazilian coverage was highly effective.

The principal objectives of Communist investigations were the identification of Communist leaders and prominent party members and sympathizers, as well as the determination of general Communist activities.

Following the unsuccessful Communist revolution of November, 1935, Brazilian Communist leaders were exiled or arrested and imprisoned. The principal leader, Luis Carlos Prestes, was given a long sentence for insurrection and murder. The Vargas Government took no further chances with Communism and suppressed it rigidly. As a result, early SIS Communist coverage dealt principally with ascertaining the complete background of Communist leaders inside and outside of Brazil, and with compiling information concerning the revolution from police files and from an informant whose information was much more complete than that of the police. This material was considered of use in evaluating Communist activities elsewhere in Latin America and in keeping abreast of Brazilian Communism in the event it should again become active. (64-4123-205-1,2,643)

On April 18, 1945, President Getulio Vargas issued an amnesty decree for all political prisoners including Communists. Prestes and his comrades were released and immediately began reorganizing their ranks. They at first ostensibly followed a moderate leftist policy and within a short time set up an organization numbering from forty to fifty thousand members. Prestes supported the Vargas Administration until the coup d' etat of October 29, 1945, which removed Vargas from office. During the subsequent elections, Prestes supported Yeddo Fuiza, a political unknown, for the presidency. This individual lost conclusively to General Dutra, but the Communist Party itself polled over five hundred thousand votes and elected Prestes to the Senate, together with fourteen representatives to the Chamber of Deputies.

Prestes attempted to gain the favor of President Dutra, but it soon became evident that Dutra and his Army supporters were strictly opposed to Communism and would take advantage of any opportunity to restrict or suppress Communist activities. Decrees were prepared under which Communist leaders could be arrested, the party closed, and all Communists barred from Government or Army service. During the preparation of these decrees, inquiries were made of our police liaison representative for advice as to the nature of existing United States legislation against Communism. (64-200-205-278)

Added opposition to the Communists arose after a statement by Prestes on March 15, 1946, to the effect that he and his party would side with the Soviet Union if Brazil should become involved in an "imperialist" war against Russia. Mounting tension came to a head on May 23, 1946 when Communist determination to hold a mass meeting in a downtown Rio de Janeiro square was opposed by police force.

For sometime previously the Communist Party had planned on holding a huge mass meeting at the Carioca Plaza in downtown Rio de Janeiro on the afternoon and evening of May 23, 1946. Twenty-four hours before the meeting the Police Department refused to grant permission and recommended that it be held in another Plaza near the outskirts of the city. The question of whether or not the meeting would be held developed into a show of strength between the Communist Party and the police. The Communists reportedly believed that the Police order would not be backed up by the Government. In spite of the warning, approximately forty thousand persons arrived at the Carioca Plaza before the police attempted to break up the gathering. A person who was afterward identified as a Communist Party gunman fired the first shot at a Mounted Military Policeman and there ensued an exchange of gunfire. One person was reported to have been killed and forty persons including three policemen were wounded.

This conflict between the Communists and the Brazilian police was regarded as highly important because it was not known how far the disorders might go. [redacted] regular informant coverage, the Bureau's representatives kept constantly abreast of the progress of the affair and were able to keep the Charge d' Affaires advised almost on a blow-by-blow basis. He in turn forwarded the information to the State Department by cable and telephone.

The importance of the incident was further attested to by information received through SIS technical coverage that the Russian Ambassador to Brazil was being kept advised by telephone of the course of the disorders. Information regarding the occurrences was furnished to the Russian Embassy by the Tass News Agency representative, Jorge Kaluguin. The Soviet Ambassador was also known to have commented that the Communist defiance of the police order was premature and that "the time had not yet come for that sort of thing." (64-200-205-370)

Through the coverage of Communist matters maintained by the Legal Attache's Office, he was able to keep the American Ambassador fully advised of all developments of interest. One such instance was the occasion on which the Bureau's representative was able to warn Ambassador Adolph Berle in advance that the Brazilian Communists intended to intensify their attacks on him. It was likewise possible to keep the Ambassador and President Truman advised regarding the intention of the Brazilian Communist Party to continue and accelerate their criticism of American foreign policy. On the basis of this type of information the Legal Attache was also able to assist the Ambassador and other Embassy officers in answering official inquiries regarding the Communist movement in Brazil. (64-200-205-142, 154; 156, 202)

Another instance of the effectiveness of the Bureau's coverage in Brazil occurred in the latter part of October, 1945, when the Office of the Legal Attache was the only investigative agency aware of the whereabouts of Luis Carlos Prestes. Following the Army Coup of October 29, 1945, many of the Communist Leaders were arrested by the police as a precautionary measure. Prestes, however, went into hiding and, as the Head of the Party, the Brazilian police exerted every effort to locate him. Rumors were rampant that Prestes had fled from the city or even from the country. The technical coverage of Communist Party headquarters maintained by the Bureau's representatives, however, disclosed that Prestes was still in the city and made available his temporary address. As a result of this information's being furnished to the Embassy and the State Department, the American Government was aware of Prestes's whereabouts while the Brazilian officials were still attempting to locate him. (64-200-205-171)

The successful liaison maintained by the Bureau's representatives with the Brazilian Police Department was the source of very valuable information regarding the Communist activities. The Bureau's coverage of Communism in Brazil could not have been nearly as complete without the material so obtained. An example of the effectiveness of this liaison came as a sequel to the riots of August 30-31, 1946. At that time the Brazilian police took all the records available in the Communist Party offices to the Police Department for photographing. Through the good relations maintained with the police, the most important records such as membership lists were made available to the Legal Attache's Office for photographing prior to being returned to the Communist Party files. The receipt of this information added immeasurably to the completeness of SIS records regarding Communism in Brazil. (64-200-205-483,562)

(2) Soviet Activities. Soviet activities in Brazil began essentially with the establishment of diplomatic relations between the U.S.S.R. and Brazil on April 2, 1945. The Soviet Government subsequently sent Jorge Kalagin to Rio de Janeiro as representative of the Soviet News Agency, Tass. Kalagin was active in making preparations for the arrival of the Soviet Ambassador and in attempting to secure favorable publicity for the Soviet Union. Formal relations were established between the two countries in May, 1946, when Jacob Surits arrived as Russian Ambassador.

The Soviet representatives within a short period of time became active in diplomatic and commercial circles. Liaison with the Brazilian Communist Party was largely maintained through the Tass representative. In the commercial field the Russians became interested in commercial negotiations which would divert from the United States many of the Brazilian products which had been purchased almost exclusively by the United States.

As in other countries where Russian Diplomatic Missions were established, shortly after the formation of the Embassy there were increased indications of Intelligence activities, not only in the Communist Party of Brazil but also in the Polish and Yugoslav Legations. The

Bureau's representatives followed these activities closely until the closing of SIS activities in Brazil on January 20, 1947. (64-211-205; 105-5169; 100-345359)

c. Domestic Political Matters

The strategic position of Brazil during the war as a vast reservoir of material wealth and as a base of operations during the battle of the South Atlantic emphasized the great importance of Brazil's political position in world affairs as well as in the political development of South America. Brazil emerged as one of the two leading powers in South America and its political activities became of major importance in hemisphere intelligence.

Since 1934, Brazil had been governed by President Getulio Vargas under a system of highly centralized Federal control which had abolished political parties and had exercised close supervision over the press, radio, labor unions, local governments, and practically every phase of Brazilian life. During the war, Brazil actively aided the Allies and in fact became an active Ally herself. The economic disorganization brought about by the war led to increasing dissatisfaction among the Brazilian people and this together with the opposition to Vargas' strong controls contributed to growing unrest. During the period of hostilities, internal differences, although increasing in number were overridden by the greater international problems. However, soon after the cessation of hostilities, factors contributing to the unrest multiplied and culminated eventually in the coup d'etat engineered by the Brazilian Armed Forces which forced the resignation of Vargas on October 29, 1945.

Earlier, in April 1945, Vargas had decreed that national elections for the long dormant Brazilian parliament would be held as well as elections for President and local officials. At that time the organization of political parties was specifically authorized and the Government control of press, radio and other forms of public expression were completely relaxed. (64-3001-1211)

The immediate reaction to release of controls by Vargas was an enormous expansion of political activity throughout the country. This increased political activity necessitated immediate extension of political coverage by the Legal Attache's Office in order to insure being in a position to promptly and accurately report the activities of various political groups within the country. The political campaign which begun as primarily a contest between the two major political parties developed to a point where the main issue became whether or not Vargas would attempt a political maneuver to maintain himself in power and avoid the elections. The Bureau's representatives were able to report the complicated Brazilian political picture with accuracy and dispatch. Included in the sources which had been developed by SIS agents was [redacted] had been a political exile during a great deal of the Vargas regime and upon his return to Brazil soon after the announcement of the elections had become [redacted]

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[redacted] in Rio de Janeiro, Sao Paulo and Porto Alegre, and [redacted] furnished current accurate information on the day to day changes in the political scene. During this period, the Legal Attache's coverage of the Communist Party activities which has been discussed previously played an important part in completing political coverage. The Communist Party of Brazil had reorganized openly along with other political parties and was extremely active in the campaign. (64-3001-1211)

From the very beginning of the campaign the feeling persisted among the opponents of Vargas that he would seek to remain in power by some means. This feeling was not lessened by the activities of pro-Vargas groups who advocated his election as President. These groups, although not officially or closely organized and without public support or endorsement from Vargas, were numerous and influencial especially among labor organizations. The deadline for registration of presidential candidates passed, however, without Vargas becoming a candidate. His supporters then began to advocate a change in the planned elections to provide for the election of a constitutional assembly rather than a Congress and for the retention of Vargas as President until the assembly had written and adopted a new constitution. The campaigns of both major parties were concentrated on opposition to this plan and it was condemmed as a move to perpetuate Vargas in power. On September 25, 1945, a reliable source of the Legal Attache informed that the two presidential candidates, General Enrico Dutra and Brigadier for Air Eduardo Gomez, had conferred and agreed that they would take all measures necessary to prevent any change in the scheduled elections. Both of these men had strong followings in the armed forces. [redacted] informed the Legal Attache that Gomez' party would not allow a change in the election and claimed that Vargas' failure to stop the pro-constitutional assembly movement showed that no free election could be held while Vargas was still president. (64-3001-1019)

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In response to a request from the Ambassador, the Legal Attache was able to verify through [redacted] on September 26, 1945 that a Vargas representative had actually informed the leaders of the opposition party that the elections would be postponed. [redacted] also confirmed this and acting on this information the Ambassador made a public statement warning against the postponement of announced elections. His action was reported by sources, including [redacted] to have contributed to delay the announcement of the change. (64-3001-1014)

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On October 18, 1945, [redacted] informed that Vargas had resumed his plans to decree a constitutional assembly. This was confirmed a few days later by [redacted] who also informed on October 26, 1945 that officers at the military base, Villa Militar, near Rio de Janeiro had on the previous night seriously considered an attempt to take control of the government. (64-3001-1037, 64-3001-1043, 64-3001-1046)

All of this information was furnished to the Ambassador immediately upon its receipt and to the Bureau by radio so that the Bureau was able to currently advise interested agencies in Washington.

Early in the afternoon of October 29, 1945 reliable sources informed the Legal Attache that President Vargas had just appointed his brother Benjamin Vargas as Chief of Police in Rio de Janeiro and that in view of Benjamin Vargas' unsavory reputation as a strong-arm man for the Vargas regime this would be interpreted as the expected move by Vargas to set aside the election. Almost immediately the armed forces under the direct leadership of General Dutra and Brigadier Gomez took control of key positions in Rio de Janeiro and other main cities. They were able to force the resignation of Vargas in a bloodless coup d'etat which was successfully completed by the early morning hours of the following day with the establishment of a provisional government under the President of the Supreme Court. Coverage of all phases of the movement was maintained by the Legal Attache who verbally furnished the Ambassador a running, accurate account of the military coup d'etat and sent ten radiograms to the Bureau giving hourly reports which were used to provide the State Department the next morning with a complete summary of the events of the previous night. (64-3001-1231 and serials 1047 thru 1056)

Following the removal of Vargas from the presidency, the elections were held as previously decreed and the Legal Attache continued to utilize his coverage to report on the conduct of the elections and later to furnish reliable information on the deliberations of the Congress and the writing of the new constitution.

Along with the reactivation of various political groups within the country there was a rebirth of activity on the part of followers of Plinio Salgado, leader of the Green Shirt Movement which was also known as the Integralist Party. This body which had been active in the middle of the 1930s was a Fascist type organization which had been disbanded by Vargas in 1938 and its leader, Salgado, forced into political exile in Portugal. Although the Green Shirt Movement had remained a factor in Brazilian life, it was not openly reorganized until its followers formed the Partido Representacao Popular to take part in the political campaign. The Legal Attache was at that time able to prepare a comprehensive report showing the history and development of the Green Shirt Movement and to later accurately and fully report the political activities of the new Party. Valuable information regarding the movement was obtained through [redacted] who was able to [redacted] but also [redacted] (64-29520)

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Relations between Argentina and Brazil were probably the most important of all diplomatic relations in South America. Because of this the Legal Attache's Office in Rio de Janeiro found it necessary to extend its informant coverage and was able to develop as a confidential informant

[redacted] Through this source, SIS representatives were able to keep the Bureau informed on diplomatic relations between the two countries and to supplement information obtained in Buenos Aires regarding activities of the Peron Government. In addition to this information contributed by the source, he furnished the Bureau with copies of [redacted] used for communications between [redacted] and [redacted] (65-41271-669, 697, 667)

d. Cooperation With Local American Law Enforcement Officers

The SIS Agents not only covered subversive matters, but also acted as the Bureau's representatives in criminal cases. The most outstanding instance in which the Bureau, through its SIS Agents in Brazil, was able to extend its cooperation with local American law enforcement officers to foreign lands was the case of Irving Goodspeed, who was wanted for unlawful flight to avoid prosecution on a murder charge in Texas.

On October 31, 1946, Marlin Camp of Dallas, Texas, was murdered by an individual whom the Texas police subsequently identified as Irving Goodspeed. This individual had come to our attention previously when on April 30, 1938, he assisted [redacted] and some of his associates to escape from the Montague, Texas County Jail. The Bureau entered the case when it was determined that Goodspeed had left Texas. Investigation developed the fact that Goodspeed had fled to New York where he had obtained employment aboard the SS "DENNISON VICTORY" of the Moore-McCormick Lines en route to Santos, Brazil. The Legal Attache in Rio de Janeiro was promptly notified and requested to make arrangements for American Consular officials in Brazil to take Goodspeed into custody so that he could be returned to the United States. At the request of SIS representatives, the American Consul at Santos secured the arrest of the subject by the Brazilian Maritime Police. b7C

Inasmuch as no treaty of extradition existed between the United States and Brazil, difficulty arose over the proper manner in which Goodspeed could be returned to the United States. The Texas authorities sent two representatives to Brazil to effect the subject's return. Due to their inability to speak the language and their lack of familiarity with Brazilian customs, these officers were helpless to act. American Embassy officials in Rio de Janeiro were of little assistance since they were not equipped or trained to handle such matters. The Texas officials would have found it practically impossible to effect the deportation of Goodspeed without the assistance of the Bureau's representatives.

With the aid of one of the Agents assigned to the Legal Attache's Office, however, arrangements were made and Goodspeed was returned to the United States and sentenced to the term from two to sixty years for murder.

The murder of Marlin Camp attracted considerable publicity in Texas and the Texas authorities afterwards expressed their appreciation for

the assistance rendered by the Bureau in returning Goodspeed to the United States for prosecution. This case was subsequently cited by the "Dallas Morning News" of Dallas, Texas, as an inspiration to peace officers for similar diligent and cooperative efforts in criminal investigations. (88-2911; 91-1182-26)

e. Procurement of Technical Data

In addition to their regular investigative work, the Bureau's representatives in Brazil were able to obtain economic and technical information which were of importance to the American Government.

The SIS Section was able to assist the FBI Laboratory when the Legal Attache's Office in Rio de Janeiro secured a large number of textbooks concerning cryptography which were in the possession of an informant of the Rio Office. Some twenty-five of these textbooks were extremely rare and could not be obtained in the United States. The owner of the books at first desired to sell them, but on being advised the books were desired by the office of the Legal Attache as a branch of the American Government, he offered to donate them. The books were ultimately procured for a nominal sum in order to give the Bureau clear title to the ownership. This purchase was a valuable addition to the Bureau's collection of information on cryptography and could not have been obtained in the United States. (80-11-5611)

One of the Bureau's representatives in Sao Paulo, Brazil, was able to secure a Japanese Military Book which in turn was made available to the Army and Navy Departments. Through an informant, he came into possession of the "Japanese Air Raid Defense Manual" which had been published in Tokyo by Brigadier General Yehei Doijo, Minister of War Propaganda. A review of the book revealed information concerning Japanese statistics on the air power of Russia, China, England, the United States, Germany, France, and Italy. It also contained detailed information regarding bombs, gases and air raid defense including detection in reporting of planes, organization of defenders, operation of range fighters, search lights, listening devices, camouflage, blackouts in factories and railroad districts, protection of airports, care of the injured and signal systems. The book also contained detailed information regarding the Japanese defense against gas attacks. In view of the nature of the information contained in this manual it was promptly furnished to the War and Navy Departments for their possible use in prosecuting the war against Japan. (62-60950-8-260)

The Bureau's representatives in Brazil were also able to secure information regarding Japan for the Foreign Economic Administration in response to that organization's request for data concerning the location of strategic industries and transportation systems in Japan, together with any related information. The Bureau's SIS Offices were requested to secure all available pamphlets, catalogues, magazines, and other printed matter which would contain this information. Considerable information was furnished by the various SIS Offices. The Bureau's representatives in Rio

de Janeiro, however, were able to obtain by far the largest quantity of material and in October, 1944, submitted some 250 pounds of written material which formed the basis of considerable information relative to the location of Japanese factories and the types of material manufactured, together with photographs and aerial views of these plants. With regard to Japanese transportation systems, the material included numerous photographs of highway and railway bridges in Japan. All this material was promptly furnished to the Foreign Economic Administration and was made available to the War and Navy Departments for their use in the war effort. (110-3-46)

In the post-war period, the Bureau's representatives in Brazil were also able to assist other branches of the American Government by collecting information regarding monozite deposits in Brazil. Following the publicity accompanying the explosions of the atomic bombs over Japan, most of the nations openingly or covertly began their search for radio-active materials. Numerous representatives of various nations showed an accurate interest in the Brazilian deposits of monozite, a material from which thorium, a radio-active substance, is extracted. All of the known monozite deposits in Brazil [redacted] into [redacted] The Bureau's representatives in Rio were able to convert [redacted] and through him were able to follow closely all of the maneuvers of the various foreign agents who were endeavoring to obtain access to Brazil's only known radio-active deposits. (100-344306)

3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Brazil:

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NAME	SIS #	CITY	DATE	ASSIGNMENT
[redacted]		Victoria	11/42 - 2/44	Official
		Belem	2/44 - 2/45	Official
		Sao Paulo	3/45 - 9/46	Police Liais
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Recife	10/42 - 8/43	Undercover
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Port Alegre	10/41 - 12/41	Undercover
		Travel	2/42 - 9/42	Undercover
		Porto Alegre	8/41 - 1/44	Undercover Official
		Sao Paulo	12/42 - 6/43	Undercover
		Rio de Janeiro	6/43 - 1/44	Undercover
		Natal	6/41 - 6/42	Undercover
		Rio de Janeiro	6/42 - 11/42	Undercover
		Rio de Janeiro	12/42 - 12/44	Legal Attache

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NAME	SIS	CITY	b2 DATE	ASSIGNMENT
[redacted]		Natal	6/42 - 11/42	Official
		Porto Alegre	1/44 - 10/46	Police Liaison
		Rio de Janeiro	4/41 - 6/43	Undercover
		Rio de Janeiro	7/46 - 10/46	Official
		Rio de Janeiro	3/45 - 6/46	Legal Attache
		Sao Paulo	12/42 - 6/43	Undercover
		Rio de Janeiro	10/43 - 12/43	Undercover
		Rio de Janeiro	1/43 - 1/45	Official
		Rio de Janeiro	1/43 - 8/43	Official
		Belem	7/42 - 1/44	Official
		Sao Paulo	1/42 - 12/43	Undercover
		Sao Paulo	3/44 - 11/44	Undercover
		(Travel		
		Rio de Janeiro		
		Porte Alegre		
		Sao Paulo)	12/40 - 6/41	Undercover
		Sao Paulo	5/43 - 12/43	Undercover
		Rio de Janeiro	10/43 - 3/44	Undercover
		Rio de Janeiro	12/40 - 7/41	Undercover
		Rio de Janeiro	8/45 - 1/47	Undercover
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Rio de Janeiro	7/43 - 1/45	Undercover
		Rio de Janeiro	5/45 - 12/45	Undercover
		Sao Paulo	10/42 - 9/44	Undercover
		Belle Horizonte	6/43 - 12/43	Undercover
		Sao Paulo	2/46 - 1/47	Official
		Rio de Janeiro	11/41 - 6/42	Undercover
		Rio de Janeiro	5/45 - 10/45	Undercover
		Rio de Janeiro	5/43 - 7/43	Undercover
		Belem	7/43 - 12/43	Undercover
		Racife	7/41 - 10/41	Undercover
		Rio de Janeiro	5/42 - 1/44	Undercover
		Sao Paulo	8/43 - 1/44	Undercover
		Rio de Janeiro	3/43 - 5/43	Undercover
		Rio de Janeiro	5/43 - 1/44	Undercover
		Rio de Janeiro	2/43 - 8/43	Undercover
		Rio Grande	9/43 - 12/43	Undercover
		Porto Alegre	2/42 - 3/44	Undercover
		Bahia	9/41 - 11/44	Official
		Rio de Janeiro	11/44 - 1/46	Official
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Rio de Janeiro	10/40 - 3/41	Undercover
		Rio de Janeiro	6/44 - 10/44	Undercover
		Sao Salvador	12/41 - 6/42	Undercover
		Sao Paulo	6/41 - 1/42	Undercover
		Rio de Janeiro	10/41 - 2/42	Undercover
		Rio de Janeiro	7/43 - 7/47	Police Liaiso
		Rio de Janeiro	5/43 - 1/44	Official
		Rio de Janeiro	5/43 - 12/43	Undercover
		Rio de Janeiro	6/43 - 5/45	Undercover
		Rio de Janeiro	9/45 - 1/47	Undercover

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NAME	SIS	CITY	DATE	ASSIGNMENT
		Sao Paulo	11/42 - 3/44	Undercover
		Rio de Janeiro	3/43 - 4/43	Plant Survey
		Rio de Janeiro	12/43 - 8/45	Undercover
		Rio de Janeiro	8/43 - 8/44	Undercover
		Rio de Janeiro	3/43 - 4/43	Plant Survey
		Bahia	5/43 - 11/43	Undercover
		Rio de Janeiro	7/46 - 9/46	Legal Attache
		Rio de Janeiro	1/43 - 7/43	Undercover
		Florianopolis	7/43 - 12/43	Official
		Curitiba	12/43 - 1/45	Official
		Sao Paulo	1/45 - 7/45	Official
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Rio de Janeiro	3/43 - 4/43	Plant Survey
		Rio de Janeiro	5/43 - 6/46	Official
		Porto Alegre	6/43 - 10/43	Undercover
		Sao Paulo	10/41 - 10/43	Undercover
		Rio de Janeiro & Bahia	7/43 - 12/43	Undercover
		Bello Horizonte	6/43 - 12/43	Undercover
		Recife	11/41 - 12/42	Undercover
		Sao Paulo	12/42 - 1/46	Official
		Sao Paulo	7/42 - 3/43	Official
		Curitaba	3/43 - 4/43	Official
		Florianopolis	4/43 - 1/44	Official
		Rio de Janeiro	1/44 - 12/47	Legal Attache & Police Liaisa
		Natal	12/42 - 7/44	Official
		Rio de Janeiro	5/43 - 12/43	Undercover
		Rio	4/46 - 2/47	Official
		Sao Paulo	3/43 - 1/45	Undercover
		Rio de Janeiro	5/42 - 10/42	Undercover
		Fortaleza	10/42 - 12/43	Official
		Rio de Janeiro	7/43 - 11/43	Undercover
		Santos	12/42 - 12/43	Official
		Belem		
		Manaos		
		Rio de Janeiro	4/43 - 5/43	Plant Survey
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Sao Paulo	6/42 - 3/43	Undercover
		Bello Horizonte	3/43 - 6/44	Official
		Natal	6/44 - 11/45	Official
		Rio de Janeiro	11/45 - 2/47	Official
		Rio de Janeiro	6/43 - 2/47	Undercover
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Rio de Janeiro	6/43 - 12/43	Undercover
		Sao Paulo	2/46 - 10/46	Official
		Rio de Janeiro	6/42 - 4/43	Official
		Porto Alegre	4/43 - 8/43	Official
		Rio de Janeiro	8/43 - 4/44	Official
		Porto Alegre	4/44 - 5/44	Official
		Rio de Janeiro	5/45 - 7/45	Official

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NAME b7C	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Sao Paulo	8/43 - 1/44	Police Liaison
		Sao Paulo	12/42 - 1/44	Undercover
		Rio de Janeiro	1/43 - 3/45	Undercover
		Rio de Janeiro	6/45 - 1/47	Undercover
		Manaos	4/43 - 9/43	Official
		Rio de Janeiro	9/43 - 12/43	Official
		Rio de Janeiro	10/45 - 1/47	Undercover
		Rio de Janeiro	3/43 - 6/43	Plant Survey
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Rio de Janeiro	9/43 - 9/46	Official
		Rio de Janeiro	6/45 - 12/45	Official
		Rio de Janeiro	9/45 - 2/47	Undercover
		Natal	4/46 - 2/47	Official
		Rio de Janeiro	5/41 - 12/42	Legal Attache
		Recife	1/42 - 12/43	Official
		Rio de Janeiro	3/43 - 5/43	Plant Survey
		Sao Paulo	9/43 - 12/44	Undercover

4. Bibliography

a. Principal Investigative Files

64-3000 General Miscellaneous File on Brazil

64-3000-A Miscellaneous File on German Activities in Brazil

64-3000-B Miscellaneous File on Japanese Activities in Brazil

64-3000-C Miscellaneous File on Italian Activities in Brazil

64-3000-D Miscellaneous File on Communist Activities in Brazil

64-3000-E Miscellaneous File on Spanish Activities in Brazil

64-3000-F Miscellaneous File on French Activities in Brazil

64-3000-G Miscellaneous File on British Activities in Brazil

64-3000-H Miscellaneous File on American Activities in Brazil

64-3000-I Miscellaneous File on Hungarian Activities in Brazil

64-3000-L Miscellaneous File on Swedish Activities in Brazil

64-3000-M Miscellaneous File on Portuguese Activities in Brazil

64-3000-N Miscellaneous File on Austrian Activities in Brazil

64-3001 General File covering Political Matters in Brazil

64-3002 General File covering Economic Matters in Brazil

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64-3003 General File covering Social Matters in Brazil

64-3004 General File covering Foreign Agents in Brazil

64-3004-A German Agents in Brazil

64-3004-B Japanese Agents in Brazil

64-3004-C Italian Agents in Brazil

64-3004-D Communist Agents in Brazil

64-3004-E Spanish Agents in Brazil

64-3004-F French Agents in Brazil

64-3004-G British Agents in Brazil

64-3004-H American Agents in Brazil

64-3004-J Roumanian Agents in Brazil

64-3004-L Swedish Agents in Brazil

64-3004-M Portuguese Agents in Brazil

64-3005 General File covering Foreign Propaganda in Brazil

64-3005-A German Propaganda in Brazil

64-3005-B Japanese Propaganda in Brazil

64-3005-C Italian Propaganda in Brazil

64-3005-D Communist Propaganda in Brazil

64-3005-E Spanish Propaganda in Brazil

64-3005-F French Propaganda in Brazil

64-3005-G British Propaganda in Brazil

64-3005-H American Propaganda in Brazil

64-3006 General File covering Foreign Penetration in Brazil

64-3006-A German Penetration in Brazil

64-3006-B Japanese Penetration in Brazil

64-3006-C Italian Penetration in Brazil

64-3006-D Communist Penetration in Brazil

64-3006-E Spanish Penetration in Brazil

64-3006-F French Penetration in Brazil

64-3007 General File covering Sabotage in Brazil

64-3007-A German Sabotage in Brazil

64-3007-B Japanese Sabotage in Brazil

64-3007-C British Sabotage in Brazil

64-3008 General File regarding Foreign Residents in Brazil

64-3008-A German Residents in Brazil

64-3008-B Japanese Residents in Brazil

64-3008-C Italian Residents in Brazil

64-3008-D Communist Residents in Brazil

64-3008-E Spanish Residents in Brazil

64-3008-F French Residents in Brazil

64-3008-G British Residents in Brazil

64-3008-H American Residents in Brazil

64-3008-I Hungarian Residents in Brazil

64-3008-K Swiss Residents in Brazil

64-3008-L Swedish Residents in Brazil

64-3008-M Portuguese Residents in Brazil

64-3008-N Austrian Residents in Brazil

64-3010 General File covering Military and Naval Matters in Brazil

64-3011 General File covering Foreign Firms in Brazil

64-3011-A German Firms in Brazil

64-3011-B Japanese Firms in Brazil

64-3011-C Italian Firms in Brazil

64-3011-E Spanish Firms in Brazil

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64-3011-F French Firms in Brazil

64-3012 Gen ral File lative to Radio Stati in Brazil

64-3012-A General File German Radi Stati in Brazil

64-3012-A-2 The Cas

64-3012-A-3 The E.L. Cas

64-3012-A-4 The Cas

64-3012-A-5 The Cas

64-3012-A-6 The

64-3012-A-7 The Case

64-3012-B Japane Radi Stati in Brazil

64-3012-C Italian Radi Stati in Brazil

64-3012-D ommunis Radio tati in Brazil

64-3012-E Spanish Radi ta in Brazi

64-3012-F French Radi tions in Brazil

64-3012-H Ameri Rad tati in Brazil

64-3012-M Portuguese Radio Stations in Brazil

64-3014 General Fil Submarine Activitie Brazil

64-3014-A Ge Submarine Acti tie Brazil

64-3014-C Italian Submarine Activities in Brazil

64-3014-F French Submarine Activities in Brazil

64-3016 General Fil Plant Surveys in Brazil

64-21979 The Werner Christoph Wal th Case

64-23309 The Apfel Sabotage Case

64-29 Integralist Party aka the Green-Shirt Moveme

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64-200-205 Communist Party of Brazil

64-211-205 Soviet Diplomatic Activities in Brazil

64-29833-205 Police Matters in Brazil

64-309-205 Smuggling Activities in Brazil

b. Administrative Files

64-4480 General Office Administrative File for Brazil

64-4984 Monthly Office Reports from Brazil

64-4670 Post Reports on Living Conditions in Brazil

67-383703 Personnel File for the Legal Attache's Office in Brazil filed under the caption "Embassy, Rio de Janeiro, Brazil." The Inspection Reports submitted relative to this office are in a separate folder.

64-4123-204 Informant File for Brazil

c. Monographs

"Totalitarian Activities in Brazil Today" — General monograph covering various phases of the Bureau's work in Brazil. Published December, 1942; 242 pages.

"SIS Office, Rio de Janeiro, Brazil" — Monograph containing photographs of the SIS Offices in Rio de Janeiro.

"Communist Movement in Latin America" — General monograph covering Communism in Latin America; pages 25 to 27 deal with the Communist Party in Brazil. Published January, 1946.

"German Espionage in Latin America" — General monograph on German espionage activities. Pages 49 to 99 cover these activities in Brazil. Published June, 1946.

"The Japanese in Latin America" — General monograph covering Japanese activities. Pages 143 to 164 deal with the Japanese in Brazil. Published November 1945.

"Clandestine Radio Stations Utilized by the German Espionage System." General monograph setting forth the organization and activities of the early German radio circuits and including all such circuits in Brazil. Published February 1942; 17 pages.

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F. CANADA

1. SIS Facilities and Objectives

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64-4918; 64-388351)

2. Major Accomplishments

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Through this arrangement, the Bureau has also been able to cover the activities of American Communists during their visits to Canada. In this connection, the information [redacted] regarding the b7D activities of William Z. Foster and Robert Thompson during their visit to Toronto from May 31 to June 3, 1946, was of value in the Bureau's continued coverage of the American Communist movement. Information was similarly obtained regarding Paul Robeson's visit to Winnipeg in February, 1947. (100-3-1448)

(S) [redacted] b1 b7D

[redacted] (64-200-2430203) b1

3. Personnel

b2 b7C

NAME	SIS No.	CITY	DATE	ASSIGNMENT
[redacted]	[redacted]	Ottawa	1/44 to date	Official
		Ottawa	5/42 - 1/44	Official

4. Bibliography

a. Investigative Files

64-200-243 Communist Party of Canada

64-211-243 Soviet Diplomatic Activities in Canada

100-342972 "Corby Case"

b. Administrative Files

64-4918 General Office Administrative File for Liaison Office, Ottawa, Ontario

64-4984-243 Office Monthly Reports for Liaison Office, Ottawa, Ontario

64-4725 Post Reports Regarding Canada

67-380351 Combined Office Personnel File and Inspection File. Filed under title "Liaison, Ottawa, Ontario."

F. CHILE

1. SIS Facilities and Objectives

SIS coverage of Chile was first started in October, 1940, with the assignment of one agent to Santiago in an undercover capacity. Coverage was subsequently augmented until October, 1943, when forty-three agents were stationed in various parts of the Republic. In August, 1946, when the final reduction of personnel began, eleven agents were under assignment in Chile.

Following the establishment of the Legal Attache's office in Santiago, the Bureau's representatives attached to the Embassy were furnished space in the building which was occupied by the other Embassy offices. The agents who were assigned to various consulates throughout Chile were likewise afforded space in the consular offices.

The objectives of SIS in Chile were largely those of an intelligence agency in identifying Axis agents and determining their activities. The incriminating information which was developed was turned over to the Chilean officials through diplomatic channels in order to bring pressure on the Chilean Government to abandon its policy of neutrality and to weed out the individuals who made Chile one of the principal centers of Axis activities.

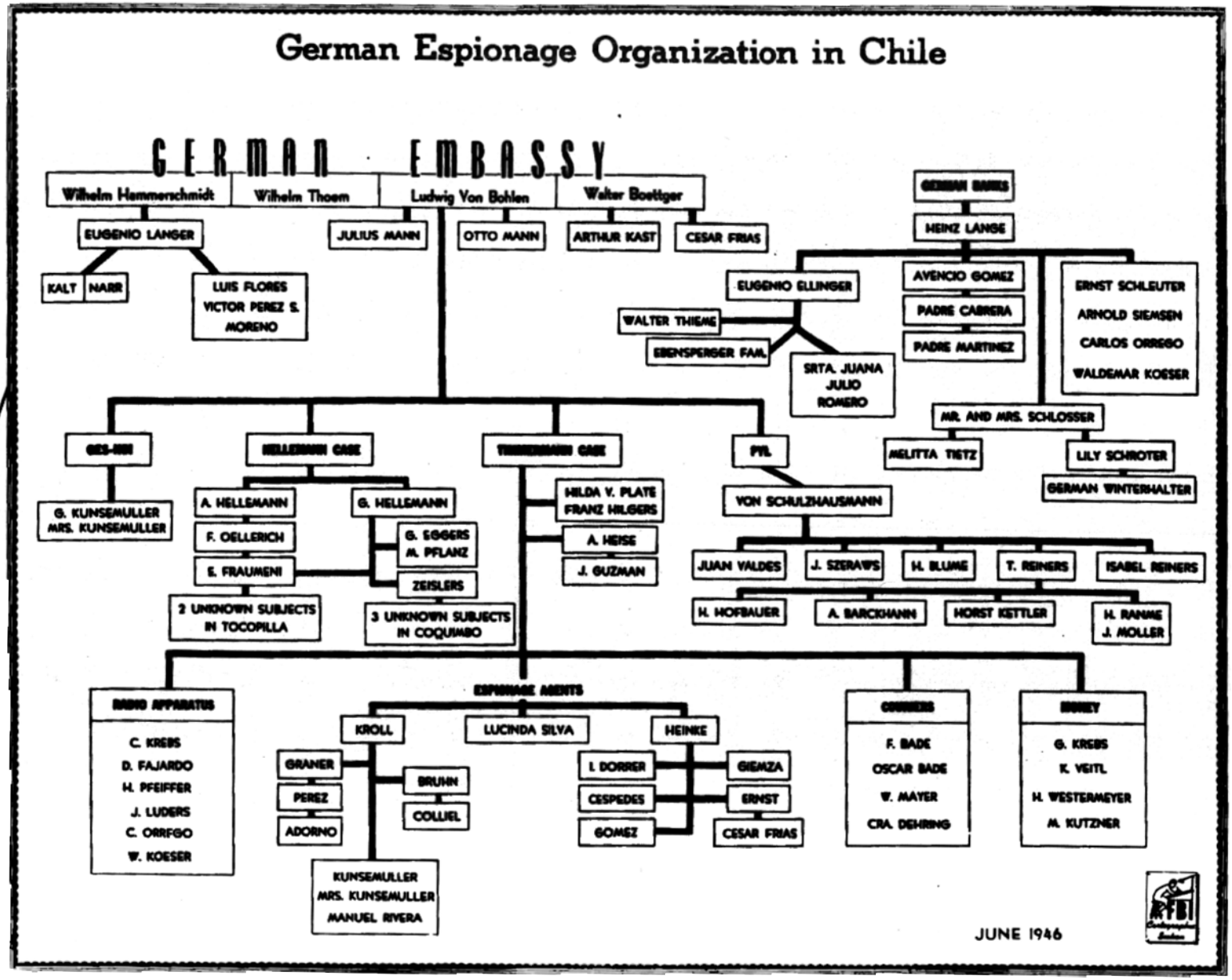
The excellent relations with the Chilean Police, which were developed by the Bureau's representatives, gave our agents the opportunity to influence, and in part direct, some of the Chilean investigations of Axis activities and to assist indirectly in the prosecution of some of the charges developed through those investigations.

2. Major Accomplishments

a. German Activities

In Chile the German intelligence service established, and throughout World War II endeavored to maintain, an information service and means of communication between the Western Hemisphere and Germany. These activities were aided by the extent to which the Germans had already penetrated into almost every field of Chilean life through the establishment of a large German colony, and through the formation of extensive commercial relations. As the Republic of Chile was the next to the last Latin American country to sever relations with Germany, many of the Nazi agents who had become firmly established were able to continue their activities against the Allied Powers.

German Espionage Organization in Chile



The fact that relations were not broken by Chile until January, 1943, and the repatriation of Axis Diplomatic Representatives was further delayed until September, 1943, aided the enemy agents in continuing their activities.

Evidence of major activities on the part of the German Intelligence Service was noted in Chile as early as 1940. The ramifications of the espionage organizations centered in that country were so extensive that the leaders directed and controlled agents located throughout Latin America.

German espionage activities in Chile were first sponsored by German diplomatic personnel. General Friedrich Wolf, who was appointed German Military Attache in July, 1940, was the principal Abwehr representative. Following Wolf's transfer to Argentina on December 6, 1942, he was succeeded in command of Abwehr activities by Major Ludwig Von Bohlen, the German Air Attache. Von Bohlen continued and extended the Abwehr intelligence activities and at the time of his repatriation on September 29, 1943, he was said to have been of the opinion that he had established an espionage organization which would be able to remain in operation throughout the war providing Germany with vital information from throughout the Western Hemisphere.

The groundwork for the breach of relations with the Axis nations on the part of Chile was laid by the Bureau's SIS representatives. On October 8, 1942, Chile was confronted with the statement made in a speech by Assistant Secretary of State Sumner Welles that she was "stabbing her neighbors in the back" by allowing spies to operate in her territory to the detriment of the Western Hemisphere. The President of Chile knew to what Welles was referring. It was the clandestine radio station PYL which had been in contact with Germany for more than a year supplying shipping and intelligence information furnished by members of an espionage ring, which included Ludwig Von Bohlen, the Air Attache of the German Embassy.

The officials of the Chilean Government were aware of these activities because a comprehensive memorandum on the subject had been prepared by SIS Agents on June 30, 1942, and delivered to them through diplomatic channels. The material contained in the memorandum consisted of decodes of clandestine messages sent and received by the station and the results of investigations of the various subjects conducted by SIS, all correlated into a factual story of espionage and potential sabotage on the part of the Axis in South America. (64-3112-A-2-126)

A few days after Welles's speech the President of Chile reorganized his cabinet eliminating Barros Jarpa, the Foreign Minister who appeared to have been partially responsible for the delay in acting on the espionage charges, and on October 25, 1942, the round-up of Axis

spies began. This round-up was also carried out under direction of SIS agents acting through [redacted] who had been serving as one of their confidential informants. b7C b7D (64-3101; 64-3104-A)

The memorandum on the PYL group, which was prepared by SIS, was also instrumental in causing further pressure to be brought on Chile to break relations with the Axis nations. This memorandum was published on November 3, 1942, by the Inter-American Emergency Advisory Committee for Political Defense, whose headquarters were in Montevideo, Uruguay. The Committee received the memorandum through diplomatic channels, and the representatives of the various Latin American countries who comprised it voted overwhelmingly to make public the information regarding the manner in which Chilean territory was being utilized to the detriment of the Western Hemisphere. (64-35145; 64-3112-A)

1. PYL Radio Ring This ring, known by the call letters of the radio station PYL, began operations early in 1941, utilizing a clandestine radio transmitter located near Valparaiso, Chile. Von Bohlen organized the operating group and the ring was placed under the immediate supervision of Friedrich Von Schulz-Hausmann. The latter individual was a German National who had been associated with the North German Lloyd Line on the west coast of South America for several years. After 1935, he had resided in Valparaiso, Chile. Prior to the establishment of the PYL transmitter, Von Schulz-Hausmann submitted information to Germany through the facilities of Trans-Radio Chilean and All-American Cables. He received instructions from Germany and intelligence from the United States through a post office "drop box."

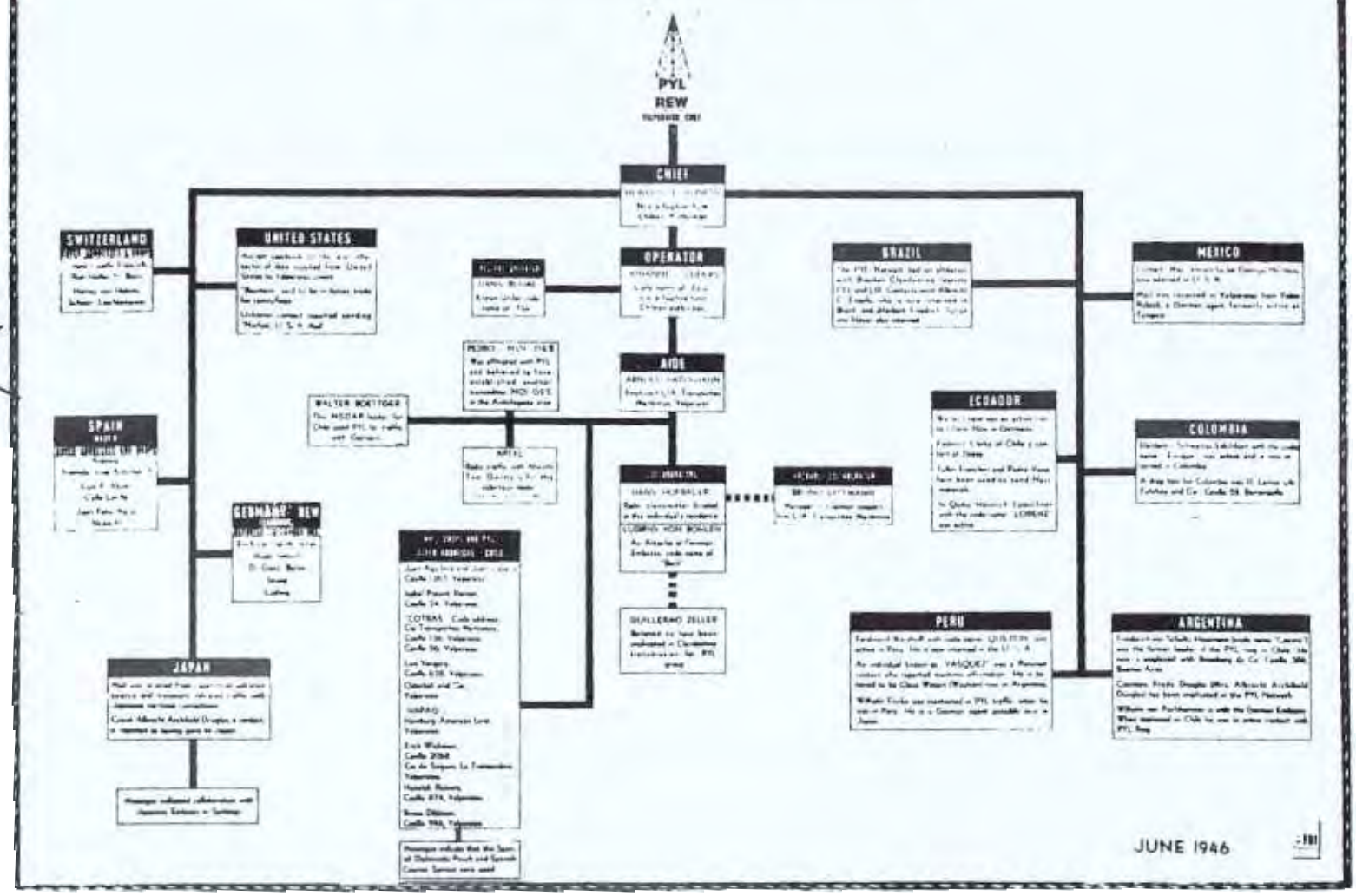
The actual installation and operation of the PYL transmitter was carried out by Johannes Peter Szeraws, a German radio operator who had entered Chile illegally in 1939 as a deserter from a German ship.

The PYL station was used not only to transmit information gathered by Von Schulz-Hausmann and his associates, but also for information of an urgent nature involving other group leaders such as Ludwig Von Bohlen and Albert Julius Von Appen, a sabotage agent. The station also sent information received from German agents from Mexico and the United States. The PYL organization served as a clearing house for information, acting as an intermediary for communications between Germany and the United States and Latin America. It likewise maintained contact with similar Nazi units in Argentina and Brazil, as well as with foreign intelligence operators in Germany, Spain, Switzerland, and Japan.

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REPUBLIC OF CHILE

P Y L GERMAN CLANDESTINE RADIO SPY NETWORK VALPARAISO, CHILE



In addition to being of assistance to the German Government, members of the PYL organizations also made maritime reports available to certain Japanese agents in Chile. This was done under express authority from Berlin.

During October, 1941, Von Schulz-Hausmann left Chile for Argentina without giving a reason for severing his connections with the North German Lloyd Line. It was reported that he was dissatisfied with the work of the German agents operating in Chile. From Buenos Aires, he advised the German Intelligence Service that he could be contacted through his new employer, the firm of Bromberg and Company. Von Schulz-Hausmann was taken into custody by the Argentine police in November, 1942, but was subsequently released. On April, 1945, he was again detained and in December of that year, while still in custody, he committed a suicide.

After Von Schulz-Hausmann left Chile, Heinrich B. Reiners became the leader of the PYL group. Reiners was a German National who had resided in Chile since 1935. He operated a maritime freight office in Valparaiso and made frequent trips up and down the Chilean coast for the purpose of contacting German sympathizers who supplied him with shipping information. Reiners was assisted by his wife, Isabelle Piderit de Reiners, who was active in forwarding correspondence from various espionage agents in the Western Hemisphere, as well as from agents in Shanghai. Reiners continued to direct the activities of the PYL group until October, 1942, when he fled to Argentina and from there to Germany.

Reiners was also assisted by Hans Blume, a German National, who served as manager for Trans-Radio Chilena in Valparaiso. When Blume was sought by Chilean authorities for question in October, 1942, he took refuge in the Germany Embassy and subsequently fled to Argentina. There he became associated with Johannes Siegfried Becker and Gustav Edward Utzinger in the operations of a network of clandestine radio stations until August, 1944, when he was apprehended by the Argentine authorities.

SIS representatives located the PYL transmitter and developed information regarding the individuals involved in the activities of the ring. When the Chilean Government finally took action in October, 1942, on the basis of the information furnished them, the Bureau's representatives were able to direct the round-up of Axis agents through [redacted] b7C b7D Of the persons arrested as a result of these raids, seven were released due to the fact that there were, at that time, no adequate statutes in Chilean law covering this type of violation, particularly in regard to Chilean

citizens. Ten other individuals were interned and warrants were issued for Von Schulz-Hausmann, Blume, Reiners, and Szeraws who had left Chile for Argentina.

In the trials conducted by the Chilean Government, it was ascertained that the only legal violation of which the subjects were guilty under then existing Chilean law was the Electrical Services Law, which prohibited the clandestine installation of radio stations. Although the court proceedings were instituted during October, 1942, the Minister of the Court of Appeals at Valparaiso did not conclude his case until December 6, 1944. At that time Hans Hofbauer, the owner of the farm on which the PYL station was installed was convicted of a violation of the Electrical Services Law. Consideration was also given to the institution of extradition proceedings against the other subjects involved in the installation of the radio station, but who had fled from Chilean jurisdiction.

By detaining and questioning persons involved in the PYL group, the Chilean authorities interrupted for a brief time work of the German Intelligence Service in Chile. Ludwig Von Bohlen made an analysis of the entire trial proceedings and of the evidence presented at the trial for the purpose of insuring that future operations would not be subject to discovery by Chilean or Allied intelligence agencies. In this memorandum, Von Bohlen listed the following observations:

(1) The cardinal mistake was the insufficiency of the original key and the transmission of the second key together with the first, which permitted the code to be broken.

(2) After the receipt of the Legal Attache's memorandum by the Chilean Government, considerable time was available in which to conceal all clues, but proper steps were not taken in spite of the orders issued in this regard.

(3) Mistakes had been made in the selection of personnel.

(4) Too many people knew of the location of the transmitter as well as its activities.

(5) Dependability and the necessary characteristics suitable for such work are more important in the selection of co-workers than good technical ability.

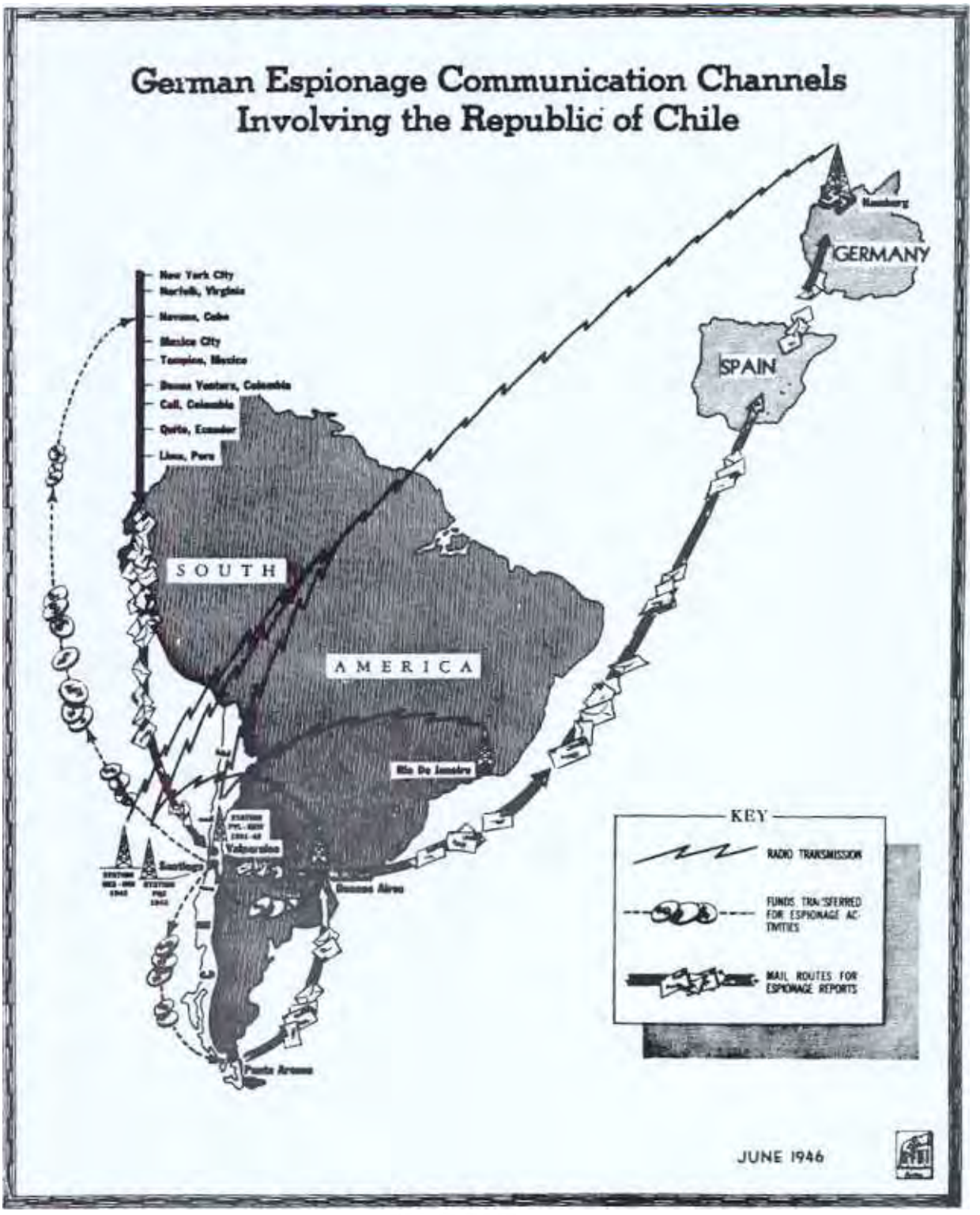
(6) When it appears that a clandestine station has been discovered, the persons principally involved should disappear and arrangements for such an eventuality should be planned in detail.

The breaking up of the PYL group did not terminate German activities in Chile, and other groups continued to operate. The disclosure of the identities of the persons connected with the ring, however, largely terminated their usefulness as espionage agents. The publicity given to the Nazi espionage activities in Chile and the Chilean Government's inability to bring prosecution in such instances, resulted in new security laws being enacted which permitted prosecution of future cases in the Chilean courts. (65-35145; 64-3112-A)

(2) The Apfel Sabotage Case. One of the groups of German agents indirectly connected with the PYL ring, but whose messages were transmitted over the PYL station was the so-called Apfel Sabotage Ring. This group has been treated in part under the section on Brazil. The ring was so named because the first indications of its existence came from decoded PYL messages addressed to or sent by an individual whose code name was "Apfel." It was suspected that this was the code name for Albert Julius Von Appen, who was arrested and held for questioning at the time the PYL agents were rounded up in October, 1942. From the information available, however, it was impossible to prove this condition and Von Appen was released. Shortly afterwards, however, due to the developments of the war, he, along with other Germans, was placed under restricted residence rules. In March, 1945, under further questioning, Von Appen admitted that he was "Apfel" and was in charge of German sabotage in Chile, Peru, and Argentina.

Von Appen was a German national who had been a resident in Chile since 1937, as an inspector for the Hamburg-American Line. In 1939, he was recruited for sabotage work by Joachim Rudloff, a German Army officer who arrived in South America with the specific mission of recruiting sabotage agents. Von Appen was recommended to Rudloff by Dietrich Niebuhr, the German Naval Attache in Argentina. As a result, he was sent to Germany in 1939, where he was trained in sabotage work. At Von Appen's suggestion, the Germans also recruited Kurt Heuer, an inspector for the Hamburg-American Line in Peru, as a member of the ring. Arrangements had previously been made for Wilhelm Lange of Buenos Aires, Argentina, to take charge of sabotage operations in Argentina. Lange, however, was unable to return to Germany for instruction, and he was trained by Von Appen upon the latter's return to the Western Hemisphere. Arrangements were also made by the Germans for Karl Otto Gohl to handle sabotage in Sao Paulo, Brazil. Brazilian activities were subsequently placed under the charge of Georg Konrad Friedrich Blass, alias "Dr. Braun," who was to direct German sabotage in Brazil and the northern part of South America.

Von Appen and his associates were in possession of explosives and other equipment with which to conduct their campaign of sabotage.


German Espionage Communication Channels
Involving the Republic of Chile
GERMANY
SPAIN
SOUTH
AMERICA
New York City
Norfolk, Virginia
Havana, Cuba
Mexico City
Tampico, Mexico
Buenos Ventures, Colombia
Cali, Colombia
Quito, Ecuador
Lima, Peru
Rio De Janeiro
Valparaiso
Santiago
Buenos Aires
Punta Arenas
KEY
RADIO TRANSMISSION
FUNDS TRANSFERRED FOR ESPIONAGE ACTIVITIES
MAIL ROUTES FOR ESPIONAGE REPORTS
JUNE 1946

After Von Appen returned to the Western Hemisphere, however, the German Foreign Office and Admiralty issued specific instructions that no hostile actions should be committed against the South American countries at that time in view of the then existing political situation. Arrangements were subsequently made whereby Blass in Rio de Janeiro was to be notified of any change in instructions. Blass in turn was to notify Von Appen. Since no additional instructions were ever sent, the extensive sabotage organization established throughout South America was never called upon to fulfil its functions.

Von Appen had been tentatively identified as "Apfel" prior to his arrest in 1942. Upon his release the Bureau's representatives continued to follow his activities closely. They were therefore, in a position to assist the Chilean police when he was reinterrogated in March, 1945. When confronted with the information compiled by SIS, he confessed. At that time Von Appen admitted that his group included Kurt Heuer in Peru, Boris Dreher of Brazil who was then residing in Chile, Bruno Johannsen and Oscar Poensgen of Colombia, and Ernst Gerhard Karl Roggemann of Venezuela. The Legal Attaches in the various countries immediately made available to the local governments the information which they had compiled regarding the various members of this sabotage ring. Additional interrogations of the individuals identified by Von Appen, rooted out the remaining members of the organization. Each step in the investigation, detention, and the prosecution of the individuals involved was the result of investigation by the Bureau's SIS representatives.

The Chilean Government did not prosecute Von Appen and his associates as it appeared that no actual sabotage had been committed, and there was no adequate legislation in existence to cover their activities. Expulsion decrees, however, were issued against Von Appen, Dreher, and Heinrich Hallbauer; and these agents were expelled from Chile for internment in the United States and subsequent repatriation to Germany. (64-23309; 65-35145)

(3) PQZ Case. Following the disclosure of the PYL group to the Chilean Government and the subsequent inactivity of that ring and its affiliates, there were no clandestine radio transmitters in operation between Chile and Germany from July, 1942, until late April, 1943, when contact was again established. A transmitter then began operations in Santiago, Chile, utilizing the call letters PQZ.

The activities of the PQZ group were also under the direction of Ludwig Von Bohlen, who made available the funds necessary for the station's operation. This organization had the best trained personnel

and the finest equipment of any Nazi group operating in South America. The agents of this ring had several means of communication with Germany available to them, including the German diplomatic pouch and couriers aboard Spanish ships. More than ninety individuals were involved in the activities of this group. Its sphere of operation extended not only throughout Chile, but also into Peru, Bolivia, and Argentina.

Von Bohlen remained in charge of the PQZ activities until his repatriation to Germany on September 29, 1943. At that time his principal assistant, Bernardo Timmermann, a Chilean citizen of German extraction who had been very active in the work of the organization for several months prior to Von Bohlen's departure, assumed control. Von Bohlen turned over to Timmermann more than $200,000 in United States currency, as well as substantial funds in South American currencies.

SIS investigations developed that several individuals whose pro-German activities had been followed for several years were connected with this radio ring. These investigations were complicated by the fact that the transmitter was not utilized after October 27, 1943. It subsequently developed that operations had ceased at that time because the season of the year was not favorable for the transmission of messages to Germany and because it was desired to protect the organization from disclosure to the Chilean Government.

The PQZ ring was identified as a continuation of the German group previously active in Chile when it was recognized that the transmissions emitted from the station were sent in a style very similar to that used at the time the PYL station was in operation. Investigations developed that the operator of the PQZ station was Guillermo Kunsemuller (Rothmann), a Chilean citizen of German extraction who was serving in the Chilean Air Force. Kunsemuller's previous activities are discussed in connection with the NOI Radio Station.

On February 14, 1944, the results of the investigation conducted by SIS representatives were furnished to the Chilean Government through diplomatic channels. On the basis of these data the Chilean authorities immediately proceeded to round-up the remaining members of the German organization. Further assistance was also lent the Chilean Government by the SIS Agent assigned to police liaison work. This Agent gave valuable aid in suggesting lines of interrogation of the various subjects which produced information of interest to the office of the Legal Attache. Through his intervention valuable data were obtained, which would otherwise have been overlooked by the Chilean authorities due to their poor understanding of espionage activities, and their lack of training in handling such matters.

With the detention of Guillermo Kunsemuller, the operator of the PQZ transmitter, evidence was obtained implicating his associates and the location of the radio equipment, which had been concealed to avoid confiscation by the authorities, was ascertained. Kunsemuller revealed his immediate superior to be Augusto Kroll (Goll), who had been previously identified as being involved in espionage work. Under interrogation, Kroll revealed the true leader of the organization to be Bernardo Timmermann. As the various subjects were interrogated, the full membership of the group was disclosed. Various cells composed of subchiefs operating under Timmermann had been utilized in obtaining information regarding ship movements, security matters relating to Peru and other South American countries, as well as data relative to the United States and United States activities in South America. Over sixty persons were detained by the authorities for interrogation, and some thirty other persons were implicated in the organization.

After Timmermann's arrest, he revealed the hidden location of $174,150 in United States, Chilean, and Argentine currency, as well as bonds valued at $27,500 which were confiscated by the Chilean Government. A search of the Timmermann residence revealed a well-equipped photographic laboratory which had been used by Timmermann in preparing photographs of documents for transmission to Germany through the espionage ring operating in Argentina. Documents seized at the house included reports submitted by various agents, receipts signed by agents for financial expenditures, blank Chilean Carnets, various passports including blank Chilean and Spanish passports which were to be utilized in assisting German nationals with technical experience to return to Germany, various official seals, governmental papers from Chile and Bolivia, and other material. Among the documents found in Timmermann's possession was the memorandum by Ludwig Von Bohlen setting forth the mistakes made by agents involved in the PYL matter.

Early in 1945, all but four of the original group arrested for espionage activities in the PQZ case were released on bail. Timmermann, Kunsemuller, Kroll, and Eugenio Ellinger, who was also a fugitive from arrest in connection with the PYL case, remained in custody. Not all of the twenty-six subjects of the PQZ case were convicted in the Chilean courts; however, Kunsemuller received a sentence of seven years in prison, Timmermann five years and Kroll and Ellinger four years each. The remaining convictions carried sentences of two years or less. The breaking up of the PQZ ring removed the last important German operations from Chilean soil. (64-25150)

(4) NOI Radio Station. Another German-Sponsored clandestine radio station forced out of activity by SIS representatives was the one known by the call letters NOI.

This station broadcasted from Santiago and was on the air from March 11, 1942, to July 26, 1942, operating during the latter part of the time the PYL transmitter was also in service.

The station was first believed to be a part of the PYL group, but its status was not determined or the station located prior to the suspension of transmissions. SIS decodes developed the fact that the operator of the NOI transmitter utilized the code name "Pedro." Subsequent investigations indicated that the operator of this station had probably been Guillermo Kunsemuller Rothmann.

Kunsemuller is a Chilean citizen of German extraction, who went to Germany in 1928 with his parents. Here he went to school and later joined the German Air Force. At the age of twenty-one in 1938, he elected to become a Chilean citizen and was discharged from the German Army. In December, 1941, he returned to Chile as a German agent under instructions to set up a clandestine radio station. Soon after his arrival in Santiago, Kunsemuller contacted Isabel Piderit de Reiners of the PYL group for additional funds with which to construct a transmitter. Within a short time after his return to Chile, Kunsemuller joined the Chilean Air Force and on March 27, 1942, was made a Corporal. Such technical information as came to his attention through his military position, he furnished to Germany In turn, he received various instructions over his radio circuit.

The information regarding the set up of the NOI transmitter was not learned until Kunsemuller's arrest by the Chilean police in February, 1944, in connection with his activities as radio operator for the PQZ group. At that time it was ascertained that the NOI transmitter was discontinued because of the investigations conducted by the Bureau's SIS representatives. In July 1942, Johannes Peter Sqeraws of the PYL ring removed the radio apparatus from Kunsemuller's residence because the Allied authorities had delivered the memorandum concerning PYL activities to the Chilean Government and it was believed that Kunsemuller might be compromised, inasmuch as the memorandum contained a reference to the radio operator known as "Pedro", the cover name used by him. After the NOI transmitter was dismantled and concealed, Kunsemuller remained in Santiago in an inactive status until the organization of the PQZ ring. (64-25150; 64-40962; 64-3112-A-2)

(5) Guillermo Hellemann (Crewe). The solution of an important espionage investigation relating to the activities of Guillermo Hellemann (Crewe) and his wife, Anna Bracenkampe de Hellemann, came about when evidence found in the possession of Bernardo Timmermann disclosed that they had acted as agents for Ludwig Von Bohlen. The activities of the Hellemanns had been observed by SIS representatives since 1941, when it was ascertained that technical magazines from the United States were being

received at Casilla 3290, Santiago, Chile and that secret writing letters from other cities in Chile were being forwarded to this Post Office box.

Through highly valuable contacts developed by SIS agents with sources in the Chilean postal system, it was possible to obtain and study the secret writing letters in this case, most of which were addressed to Anna Hellemann. These communications were written by her husband, who as a traveling salesman secured shipping information which he forwarded to his wife in secret ink. Anna Hellemann was ascertained to be in close contact with the German Embassy in Santiago. Following the arrest of Timmermann and the procurement of evidence regarding the Hellemanns' associations with Von Bohlen, both Hellemann and his wife were arrested by the Chilean police. Hellemann made a complete confession outlining his activities in establishing a maritime espionage reporting ring in the northern section of Chile.

Late in August, 1944, the Chilean authorities conducted a thorough investigation at Tocopilla, Iquique, and other cities in the northern part of Chile, arresting six of Hellemann's agents and completely breaking up the organization. The Chilean authorities were materially assisted by the SIS representative assigned to the American Consulate in Antofagasta, who through confidential informants had previously established the identities of Hellemann's associates. When this information was furnished to the Chilean police, it enabled them to speedily round up the subjects involved.

In order to prevent legal action to bring about the release of Guillermo Hellemann, the facts of the case were presented personally to President Juan Antonio Rios. President Rios authorized an expulsion ordered for Hellemann, providing for the latter's deportation to Peru aboard the personal plane of the United States Military Attache stationed at Santiago. Hellemann was immediately transferred to the United States for internment. This was the first instance in which the Chilean authorities authorized the expulsion of a German national to the United States for internment. They had previously viewed such a procedure as a violation of sovereign rights and had declined to cooperate with the United States in this phase of the internment program.

Anna Bracenkampe de Hellemann remained in custody at Santiago until December, 1944, when she was released on bond. She was subsequently sentenced to two years imprisonment. (64-3104-A-637; 64-3100-A-314; 64-20514)

(6) Heinz August Luning Case. Heinz August Luning, a German espionage agent who was executed in Cuba in 1942, maintained contact with individuals in Chile. The Luning Case will be discussed more fully in the section on Cuba.

During the investigation of Luning by SIS representatives in Cuba and the interrogation of him, it was ascertained that he had received a communication from Chile regarding the operation of a clandestine radio transmitter. Luning also received a check for $1,500 from Santiago, Chile. Through investigation, it was ascertained that this money was forwarded to Luning through Alfredo Klaiber Maier, a German national who was manager of the Benco Germanico in Santiago. This individual was known to have collaborated closely in espionage matters with both Abwehr and Sicherheitsdienst agents.

This information together with the results of the investigations conducted by the Bureau's representatives in Chile was furnished to the Chilean Government. As a result, the Chilean authorities apprehended Alfredo Klaiber Maier, Guillermo Dorbach Burg, and Ludwig Russ Benziger. At the time of their arrest these persons were found to be in possession of information concerning United Nations shipping facilities and technical data concerning the Chilean Air Force. All three were interned by the Chilean Government. During the investigation of the case on the part of the Chilean authorities, Carlos Robinson, a Chilean national, was also arrested. Robinson's name was signed to the cablegram addressed to Luning from Chile making inquiry regarding the status of his proposed radio station. Robinson was released, however, because of the inadequacy of the Chilean laws to cover the situation. (64-1009; 65-44610)

(7) Chilean Internment Program. The fact that Chile did not have satisfactory laws with which to combat the Fifth Column danger was forcefully brought to the attention of that Government through the revelations made by SIS investigations. In October, 1942, the President of Chile instructed his Minister of Interior to draft adequate legislation covering espionage and sabotage activity within the country. At the request of the Minister of Interior the SIS representative who served as Liaison agent between the American Embassy and the Department of Interior consulted on three different occasions with the Legal Advisor to the Minister regarding this matter. The Bureau's representative furnished the Legal Advisor practical advice concerning the drafting of counter-espionage and counter-sabotage laws based on the Bureau's experience in these matters in the United States. (64-3100-763; 64-4187-271)

The Chilean Congress adopted an internment law on December 31, 1942. Immediately upon severing relations with the Axis countries, the Chilean Government issued orders for the internment of approximately one hundred sixty-nine individuals regarded as dangerous to Hemispheric defense. At the expiration of the internment period on July 4, 1943, new internment orders were issued for only about twenty-five of this number. Due to subsequent developments which indicated that the Axis was still endeavoring

to use Chile as one of the bases for its espionage system, the Chilean Government again ordered the internment of approximately eighty-nine individuals. Since this number by no means covered all of the Axis nations who might be regarded as dangerous, the Bureau's representatives in Chile found it necessary to make adequate arrangements to continue following the activities of the other known German and Japanese agents.

The Chilean Internment Program could not be regarded as real internment. It was rather a matter of regulated residence. Under this system, the individuals involved were forced to leave their regular homes and take up residence in designated small towns where they were required to report to the appropriate local officials once or twice a day. This plan was effective in some respects; however, it was open to abuses and on occasion some of the internees, through political influence, were able to have themselves relegated to certain localities which suited their own convenience. (Monograph-Japanese in Latin America; page 117)

b. Japanese Activities in Chile

Japanese activities in Chile were definitely of secondary importance in comparison with German matters. The Chilean angles of the Japsa Case, and the Tomiya Koseki and Shozo Murai directed espionage activities have been previously mentioned in the section on Argentina.

In addition to those cases, the principal incident of importance involving the Japanese in Chile was the burglarizing of the home of Dr. Lawrence Kinnard on the night of August 2, 1942. Dr. Kinnard was the Cultural Attache of the United States Embassy in Santiago. Investigation showed that Luis Alero Inostroza was involved in the burglary. Under questioning, Inostroza admitted that he had been acting under the instructions of Goro Miyasaki, a Japanese national who had been long under suspicion as an espionage agent. Inostroza indicated that he had worked for Miyasaki previously in Panama and Peru, and that he had attempted to secure papers and documents which would be useful to the Japanese. He admitted having previously robbed the Rumanian Legation at Lima, Peru, at the behest of Miyasaki, securing papers which the latter desired.

According to information received, Miyasaki believed the American Cultural Attache in Santiago to be connected with the United States Intelligence Service; and this burgulary was planned in an attempt to secure documents which might be of value to the Japanese.

Miyasaki had been suspected of espionage activities as far back as 1938, when he was arrested and found to be in possession of documents of military value. He was under investigation by SIS agents when the burglary of Dr. Kinnard's residence occurred. The information in the possession of

the Legal Attache's Office was furnished to the Chilean officials and was largely responsible for Miyasaki's expulsion from Chile in September, 1942. (64-3100-B-112 64-3104-B-139)

c. The Communist Movement

(1.) Local Communist Activities The Communist Party in Chile was one of the largest Communist organizations outside of the Soviet Union. Coverage of its activities, therefore, was important to a complete understanding of the Communist movement in Latin America. By March, 1944, the Communists had eighteen Deputies in the Lower House of the National Legislature out of a total of one hundred forty-seven. The Party also had three members in the Upper House from a total of forty-six. In a field of organized labor, the Communists exercised control equalled only by the Socialist Party and seven Party members held positions on the eighteen member National Advisory Council of the Confederation of Workers in Chile. At that time, the Confederation represented approximately 500,000 Chilean workers and reliable estimates indicated that forty per cent of the directorates of the affiliated Unions were Communist controlled.

The importance of the Communist Party in Chile was indicated by the appointment of Carlos Contreras Labarca, Secretary General of the Party and also a member of the Chilean Senate, as one of the delegates to the San Francisco Conference in April, 1945. Contreras Labarca took a relatively important part in the Chilean Delegation, but aroused some enmity among Chilean "leftists" for his failure to oppose the admission of Argentina to the United Nations as advocated by Chilean Foreign Minister Joaquin Fernandez.

Toward the end of the war, the Chilean Communists began again to attack United States "imperialism." This attitude was reflected in its 16th Plenary Session held June 3, 1945, at which time plans were formulated for attacking this "danger." Considerable capital was later made by the Party of a mine disaster in a Braden Copper Company installation which killed some three hundred fifty-six laborers. This incident became the basis for numerous charges against United States firms alleging failure to provide safety facilities.

On December 8, 1945, the 15th National Congress of the Chilean Communist Party was held. At that time leaders from the principal Communist Parties of Latin America attended the Chilean Party Congress and plans were formulated for Latin American Communist policies. Arrangements were developed fo

concerted propaganda against the United States and for agitation against so-called reactionary capital. It was reported that the resolutions adopted had been suggested by the Soviet Embassy in Mexico, D. F.

The spring of 1946, brought numerous labor troubles in Chile, including strikes of coal and nitrate miners, railroad workers, and dock laborers. Police action was necessary to restore order and in one Santiago incident the police fired into a crowd killing several people. These labor troubles resulted in a serious split between the Socialists and Communists factions of the Confederation of Chilean Workers headed by the Socialist, Bernardo Ibanez. The Communists attempted to oust Ibanez from his position but hoped to adjust the difficulties between Socialists and Communists rather than split the Labor organization. During the latter part of 1946, however, this became impossible and the Confederation was split into two groups. Through one of the top leaders from the Socialist faction, the Bureau was able to keep fully informed on negotations for reuniting the labor movement. (64-24773)

The Communist Party of Chile supported Gabriel Gonzalez Videla in the November, 1946, Presidential election and as a result was allocated three cabinet posts in the new Government. Information developed by the Bureau's representatives shortly thereafter revealed considerable dissension between Gonzalez Videla and the Communists, and indicated that they might not be included in the Government for more than six months. The validity of this information was demonstrated in the early spring of 1947, when the Communist's participation in the Government was terminated.

The Bureau's representatives in Chile found it necessary not only to follow the activities of the local Communist Party, but also to cover the activities of the various prominent foreign Communist refugees such as Victorio Codovilla of Argentina, who resided in Chile after his exile from Argentina. Other foreign Communists were attracted to Chile to attend Communist schools. There they studied courses in Communist Theory, Radio, and Public Communications and other matters essential to the operation of public utilities in the event of insurrection.

The Chilean Communist Party was an example of a well-run, successful Communist organization. Through informants inside the Party, the Legal Attache's office was able to secure accurate advance reports on proposed changes in policy, most of which during the last eighteen months of SIS operations affected, in some manner, the United States and its foreign policy. Through our coverage of Communist matters in Chile, it was possible to keep the Embassy and the State Department fully and adequately advised of the developments in the Chilean Communist movement. (61-200-207)

(2) Soviet Diplomatic Activities. Diplomatic relations between Chile and the Soviet Union were established on December 11, 1944. Representatives from both countries were designated in the late summer of 1945, but Soviet Ambassador Dimitri Zuhkov and his party did not arrive in Chile until mid-April, 1946. Within a short period of time an office of the Soviet News Agency "Tass" was opened in Santiago. The early indications were that this Embassy would assume much of the importance previously vested in the Soviet Missions in Colombia and Uruguay.

The Bureau's representatives followed the activities of the Soviet Diplomatic and Commercial representatives and ascertained that they were not as important as had been anticipated. In spite of the strength of the Chilean Communist Party, the Soviet Embassy was not received with complete friendliness; and by the time the Legal Attache's Office was closed on February 24, 1947, the Chilean Embassy in Moscow was complaining that its relations with the Kremlin were not at all satisfactory. (64-211-207).

d. Cooperation of Other Branches of the Embassy.

The files built up by the Legal Attache's Office in Santiago were utilized to a great extent by Embassy officials who were responsible for maintaining the Black List. In several instances companies and individuals were put on the Black List directly because of information developed by SIS personnel without the necessity of additional investigation by the Black List Section of the Embassy. This was particularly true of the individuals or firms connected with Heinz August Luning of Cuba, and the PYL Radio Ring. Manuel Tapia, Carlos Robinson, Heinrich B. Reiners, Friedrich Von Shulz-Hausmann, Compania Transportes Maritimos, and the firm of Neef and Irritier were outstanding examples of the direct contribution of SIS to the placement of persons and firms on the Black List. (64-3112-A; 64-1009).

Predicated upon a request of the Foreign Economic Mission and the State Department, the Office of the Legal Attache in Chile, as well as in other countries, conducted an extensive and intensive investigation ferreting out German assets and technicians in the Western Hemisphere. In addition considerable investigation was conducted to ascertain the exact extent of Japanese holdings in Chile. The interest exhibited by other United States agencies necessitated extensive inquiries into these matters.

In June 1944, one of the SIS representatives assigned in Santiago was able to save the Navy Department from possible embarrassment. Through his contacts, he ascertained that the janitor employed at the United States Consulate at Arica, Chile, had been selling waste paper trash to Cesar Gacitua, the head of the Chilean Department of Investigations in that area. It was known that certain codes used by the United States Navy had been obtained by the Chileans in this manner, but it was not believed that the

material obtained would allow those who had it to decode Naval traffic. Inquiries disclosed that the Chilean official involved was in search of information regarding the activities of American officials merely out of curiosity and there was no evidence of his being associated with Axis agents. The discovery of this matter, however, enabled the American representatives to take appropriate security measures to prevent such material from falling into the hands of unauthorized persons. (64-30465-7).

3. Personnel.

The following Special Agents and Special Employees were assigned to SIS work in Chile:

NAME	SIS	CITY		ASSIGNMENT
[redacted]		Santiago		b2
		Santiago		b7C
		Valparaiso		
		Arica		
		Santiago		
[redacted]		Valparaiso	8/44 - 12/44	Undercover
		Osorno	4/43 - 12/43	Undercover
		Valparaiso	11/41 - 9/42	Undercover
		Concepcion	10/42 - 12/43	Official
		Tocopilla	10/42 - 4/44	Official
		Santiago	4/45 - 12/45	Official
		Santiago	1/43 - 12/43	Undercover
		Santiago	2/42 - 9/43	Official
		Santiago	3/42 - 10/42	Undercover
		Santiago	3/45 - 8/46	Police Liaison
		Santiago	7/43 - 12/44	Undercover
		Santiago	12/42 - 5/43	Undercover
		Santiago	9/44 - 6/45	Undercover

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Santiago	6/44 - 9/44	Undercover
		Antofagasta	9/44 - 3/45	Undercover
		Antofagasta	3/45 - 11/45	Undercover
		Valparaiso	8/45 - 6/46	Official
		Chuquicamata	1/43 - 5/43	Plant Survey
		Santiago	5/44 - 11/44	Official
		Antofagasta	11/44 - 2/45	Official
		Santiago	8/43 - 4/44	Undercover
		Santiago	3/46 - 9/46	Official
		Santiago	8/43 - 2/44	Undercover
		Santiago	12/44 - 7/46	Undercover
		Valparaiso	8/44 - 9/45	Official
		Antofagasta	9/42 - 7/43	Official
		Santiago	10/44 - 8/46	Legal Attache
		Santiago	3/43 - 9/43	Undercover
		Puerto Montt	4/42 - 2/43	Undercover
		Valparaiso	12/41 - 12/43	Official
		Santiago	11/42 - 11/43	Official
		Santiago	2/45 - 2/47	Official
		Santiago	4/44 - 10/44	Undercover
		Santiago	3/42 - 6/42	Undercover
		Santiago	4/43 - 4/44	Undercover
		Santiago	10/44 - 3/47	Official
		Valparaiso	4/43 - 8/43	Official
		Coquimbo	8/43 - 12/43	Official
		Santiago	5/43 - 9/44	Undercover
		Santiago	2/45 - 11/45	Undercover
		Valparaiso	2/43 - 12/43	Undercover
		Santiago	7/42 - 8/43	Undercover
		Osorno	10/43 - 12/43	Official
		Chanaral	1/43 - 3/43	Plant Survey
		Santiago	12/41 - 7/42	Undercover
		Valdivia	9/42 - 8/43	Official
		Santiago	1/43 - 3/43	Plant Survey
		Santiago	1/43 - 3/43	Plant Survey
		Santiago	9/43 - 1/44	Official
		Santiago	4/46 - 3/47	Official
		Santiago	2/41 - 10/41	Undercover
		Santiago	8/43 - 5/44	Undercover
		Punta Arenas	9/42 - 1/44	Official
		Santiago	3/43 - 8/43	Undercover
		Santiago	6/43 - 10/44	Official
		Santiago	12/42 - 5/44	Official

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Santiago	4/43 - 12/43	Official
		Antofagasta	12/43 - 10/44	Official
		Valparaiso	4/43 - 12/43	Official
		Santiago	2/43 - 8/43	Official
		Osorno	9/42 - 10/43	Official
		Santiago	1/43 - 9/43	Undercover
		Santiago	9/43 - 2/44	Undercover
		Santiago	7/45 - 10/45	Official
		Santiago	1/43 - 4/43	Plant Survey
		Santiago	1/43 - 1/44	Undercover
		Valparaiso	12/42 - 8/43	Undercover
		Valdivia	8/43 - 8/44	Undercover
		Santiago	1/43 - 3/43	Plant Survey
		Concepcion	6/41 - 1/42	Undercover
		Santiago	8/43 - 10/44	Undercover
		Santiago	4/45 - 12/45	Official
		Santiago	10/43 - 1/45	Police Liaison
		Santiago	9/43 - 9/44	Official
		Valdivia	9/44 - 11/44	Official
		Santiago	11/44 - 5/46	Official
[redacted]		Valparaiso	2/42 - 7/43	Official
		Santiago	2/44 - 11/44	Legal Attache
		Santiago	6/43 - 7/43	Official
		Santiago	1/44 - 10/44	Undercover
		Santiago	1/45 - 4/46	Undercover
		Santiago	7/44 - 9/46	Undercover
		Santiago	2/43 - 8/44	Official
		Santiago	10/40 - 11/40	Official
		Concepcion	3/42 - 10/42	Undercover
		Santiago	3/43 - 2/45	Official
		Valdivia	4/43 - 12/43	Official
		Santiago	12/40 - 1/41	Undercover
		Santiago	8/43 - 1/44	Undercover
		Valparaiso	4/43 - 7/44	Official
		Santiago	9/41 - 9/43	Legal Attache
		Santiago	7/43 - 12/43	Official
		Concepcion	8/42 - 12/43	Undercover
		Santiago	5/46 - 2/47	Official
		Santiago	6/42 - 5/43	Undercover
		Concepcion	11/43 - 7/44	Official
		Valdivia	7/44 - 9/44	Official
		Santiago	9/44 - 5/45	Official
		Santiago	1/46 - 8/46	Official
		Chuquicamata	1/43 - 3/43	Plant Survey
		Valdivia	4/43 - 11/43	Official
		Valparaiso	8/43 - 10/44	Undercover

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4. Bibliography.

a. Investigative Files

64-3100 General Miscellaneous File on Chile

64-3100-A General German File on Chile

64-3100-B General Japanese File on Chile

64-3100-C General Italian File on Chile

64-3100-D General Communist File on Chile

64-3100-E General Spanish File on Chile

64-3100-F General French File on Chile

64-3100-G General British File on Chile

64-3100-H General American File on Chile

64-3100-I General Hungarian File on Chile

64-3100-J General Rumanian File on Chile

64-3100-K General Swiss File on Chile

64-3100-L General Swedish File on Chile

64-3100-M General Austrian File on Chile

64-3101 General Political File on Chile

64-3102 General Economic File on Chile

64-3103 General Social File on Chile

64-3104 General File on Foreign Agents in Chile

64-3104-A German Agents in Chile

64-3104-B Japanese Agents in Chile

64-3104-C Italian Agents in Chile

64-3104-D Communist Agents in Chile

64-3104-E Spanish Agents in Chile

64-3104-F French Agents in Chile

64-3104-G British Agents in Chile

64-3105 General Propaganda File on Chile

64-3105-A German Propaganda in Chile

64-3105-B Japanese Propaganda in Chile

64-3105-C Italian Propaganda in Chile

64-3105-D Communist Propaganda in Chile

64-3105-E Spanish Propaganda in Chile

64-3105-F French Propaganda in Chile

64-3105-G British Propaganda in Chile

64-3105-H American Propaganda in Chile

64-3105-M Portuguese Propaganda in Chile

64-3106 General File on Foreign Penetration in Chile

64-3106-A German Penetration in Chile

64-3106-B Japanese Penetration in Chile

64-3106-C Italian Penetration in Chile

64-3106-D Communist Penetration in Chile

64-3106-E Spanish Penetration in Chile

64-3106-F French Penetration in Chile

64-3106-G British Penetration in Chile

64-3107 General File on Sabotage in Chile

64-3107-A German Sabotage in Chile

64-3107-C Italian Sabotage in Chile

64-3107-E Spanish Sabotage in Chile

64-3108 General File on Foreign Residents in Chile

64-3108-A German Residents in Chile

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64-3108-B Japanese Residents in Chile

64-3 08-C Italian Re id its in Chile

64-3108-D Communist Residents in Chile

64 08-E Spanis Residents in Chile

64 08-F Fre ch Residents in Chile

64-3108-G British Residents in Chile

64- 108-H Ame Resid in Chile

64-3108-K Swiss Residents in Chile

64-3110 Ge File Military and Na Ma in hil

64-3111 General File Foreign Fi in Chile

64-3111-A German Firms in Chile

64-3111-B apa Firms Chile

64-3111-C talian Firms in Chile

64-3111-E panis Firms in Chile

64-3111-F Fr ch Firms in Chile

64-3111-G Britis Firms in Chile

64-3112 General File Radi tati in Chile

64-3112-A German Radio Stations in Chile

64-3112-A-2 PYL Radi Circui

64 112-B apanes Radi Stati hil

64-3112-C talian Radio Stati in Chile

64-3112-E Spanis Radi tati in Chile

64-3114 General File Submarine Acti viti in Chile

64-3115-E Spanish Telephone Surveillance in Chile

64-3116 Plan Surveys in Chile

64-200-207 Communis Movement in Chile

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64-211-207 Soviet Diplomatic Activities in Chile

65-54145 PYL Radio Case. Some of the reports regarding this case are also contained in 64-3112-A and 64-3112-A-2.

64-25150 The PQZ Radio Ring

64-23309 APFEL Sabotage Case

64-24773 Confederation of Workers of Chile

64-309-207 Smuggling in Chile

b. Administrative Files

64-4468 General Office Administrative File for Chile

64-4984-207 Monthly Reports submitted by Legal Attache's Office, Santiago, Chile.

64-4725 Living Conditions in Chile

67-383717 General Office Personnel File. Filed alphabetically as "Embassy, Santiago, Chile". The inspection reports for this office are filed separately.

64-29833-207 Police Matters in Chile

64-4123-207 Informant File for Chile

c. Monographs

"Totalitarian Activities in Chile Today." General monograph covering various phases of the Bureau's work in Chile. Published March, 1943; 266 pages.

"SIS Office (Santiago)." Contains photographs of the Legal Attache's Office and facilities in Santiago.

"Communism Movement in Latin America." Published January, 1946 - General monograph covering Communism on a hemispheric basis, pages 27-28 dealing particularly with the Communist Party of Chile.

"German Espionage in Latin America." Printed June, 1946. General monograph on German espionage in the countries of Latin America, pages 99 to 135 covering German subversive activities in Chile.

"Japanese in Latin America." General monograph on Japanese activities in the important Latin American countries. Published November, 1945, pages 195 to 117 pertaining to Chile.

H. COLOMBIA

1. SIS Facilities and Objectives.

In view of the strategic location of Colombia, with particular reference to the Panama Canal, it was considered especially important that the Bureau be aware of Axis activities in that country. One agent was sent to Colombia in an undercover capacity in August of 1940 who served for a short time prior to the assignment of a Legal Attache to the U. S. Embassy at Bogota. Coverage was steadily increased until a peak was reached in November of 1943 at which time twenty Special Agents were assigned to Colombia. An agent was stationed in the Consulate at Barranquilla, Colombia, as Vice-Consul; another was assigned in the same capacity at Cali, Colombia, and still another at Medellin, Colombia. (64-4471; 64-4316)

A radio transmitter and receiver was maintained at the Embassy in Bogota by the Bureau which not only enabled rapid communication with the Bureau but also served as a relay station between the Bureau and more distant South American countries. The office was closed in March, 1947. (64-4471)

2. Major Accomplishments.

a. German Activities.

Among the achievements especially noteworthy were the activities carried on by the Bureau's representatives to counteract subversive influences in Colombia which resulted in the passing of legislation by the Colombian Congress to control Nazi activities in that Republic, restricting Axis nationals from any point within one hundred and fifty kilometers of the strategic coastal areas and designating an Alien Property Custodian to supervise the confiscation of alien property. Reports submitted by the Bureau's Legal Attache resulted in such information being turned over to the Colombian authorities by the American Ambassador to Bogota, influencing in part the action taken by that Republic. (64-3200-253; 64-3204-A-585; 64-3204-115)

In practically all instances in connection with the Proclaimed List of Certain Blocked Nationals doing business in the Republic of Colombia, the SIS Division of the Bureau submitted various reports to the State Departmen and other interested agencies concerned with the preparation and maintenance of the United States Proclaimed List. These reports were largely instrumental in causing scores of individuals of pro-Axis character to be placed on the black list. Among them were Fritz Fuhrop, a known Nazi mail drop in Colombia; Adolfo and Walter Held, influential and wealthy individuals of Nazi sentiment who were acting as Nazi supply agents, assisting the Nazi cause in the storage of materials and equipment throughout the Republic; Kurt Palmer; Emil Pruefert; Hans Bauman; James Rankin; and many other individuals. (Colombian Monograph)

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Action was taken in late 1942 relative to the deportation and repatriation from Colombia of some fifty-five Nazi or Colombian-born German individuals whose presence in Colombia was felt by the Colombian Government to be undesirable. The information concerning these individuals had been furnished the Colombian Government by the Legal Attache connected with the American Embassy at Bogota. Consideration was also given to raising objections to some twenty-three of these individuals during the process of their repatriation to Germany so that they might be permanently interned in the United States. [redacted] (S)

The Bureau was responsible for the arrest and detention in Colombia of one Dietrich Becker Von Pless, a former German Army officer of Manizales, Colombia, who claimed connection with members of the German Gestapo in Colombia and ultimately furnished information concerning Japanese and Nazi military and naval preparations. Von Pless, subsequently, through the intervention of the Bureau's representative at Bogota, was delivered to United States military authorities at Panama for internment for the duration of the war. (64-3204-A-1332)

The work of SIS in the Republic of Colombia was particularly effective in obtaining information regarding German nationals and pro-Nazis in Colombia, which information was the basis for expulsion or internment orders against a number of these individuals. There follow summaries of the outstanding of these cases:

(1.) Heriberto Schwartau Eskildsen. One of the most notable cases was that of Heriberto Schwartau Eskildsen. This individual, born in Colombia of German parents, became indoctrinated with Nazi ideology at an early date. He was baptized in Germany, obtained most of his education in that country, and acted and lived as a German at all times until it later appeared to his best interests to try to claim Colombian citizenship.

Schwartau was identified as an espionage agent by SIS when information concerning the travels of one "Enrique" was sent over the clandestine radi station PYL in Chile. This information was checked with actual travels found to have been made by Schwartau and led to the positive conclusion that Schwartau was, in fact, "Enrique", and was communicating with the agents operating station PYL. To clinch Schwartau's identification as an espionage agent, secret writing letters addressed to a drop box in Chile used by the PYL agents were intercepted and the handwriting thereon was found by the FBI Laboratory to be identical with Schwartau's handwriting. After a thorough investigation of Schwartau, the facts concerning him were turned over to the Colombian authorities who took him into custody on November 20, 1942. Schwarta stoutly denied all accusations against him and retained a lawyer prominent in the Conservative Party to fight his case in the Colombian courts. However, the evidence obtained was so convincing that the President of Colombia issued an expulsion order against Schwartau, who was thereafter expelled to Panama and subsequently brought to the United States. He was later interrogated by Special Agents of the FBI and after being apprised of the amount and nature

of the evidence available regarding his espionage activities, Schwartau gave a long and detailed confession regarding his recruitment, training and activities as a German espionage agent. (64-3112-A-2)

(2.) Max Vogel. Another individual whose expulsion by the Colombia authorities was based on information regarding his activities supplied by the SIS was Max Vogel, a German national and long-time resident of Bogota. For years, Vogel had been the closest friend of George Nicolaus in Bogota. Nicolaus returned to Germany in 1939, received espionage training and went to Mexico via Bogota in 1940 to engage in extensive espionage activities as an agent of the Berlin Ast. When he stopped off in Bogota, Nicolaus made arrangements for his old friend, Max Vogel, to forward communications which the latter was to receive from Nicolaus in Mexico to various post office boxes to be used as drops, located in Peru, Chile, and Brazil. Vogel not only agreed to do this but also consented to send some of Nicolaus' letters to certain of his own private drop boxes which he, Vogel, used for forwarding his commercial mail to Germany. Some of the letters passing between Nicolaus and Vogel were intercepted, and it was found that Vogel was also holding some of Nicolaus' belongings. This information was turned over to the Colombian authorities who arrested Vogel and confiscated his correspondence, copies of which were made available to the Bureau. This correspondence showed clearly Vogel's extensive work on behalf of Nicolaus and also revealed that Vogel, himself, had engaged in somewhat amateurish attempts at espionage, although he had not received any specialized training for this work in Germany. He forwarded certain oil production figures relating to Venezuela to Nicolaus and also reported on the activities of Hans Joaquin Harders, another German agent in Bogota of whom Nicolaus was extremely jealous. Vogel was thereafter expelled by the Colombian authorities and interned in the United States. (64-20616; 65-16273-2643)

(3.) The Hermann Heinrich Rullhusen Bischoff Case. This case which, for administrative purposes, was designated by the code word "Rule Case", was developed as a result of the identification by SIS Agents and the Technical Laboratory of Hermann Heinrich Rullhusen in Bogota, Colombia, as the writer of a secret writing letter addressed to the drop box, George Morse, c/o Sres. Santos Mora Ltda., Caixa Postal 527, Lisbon, Portugal. Rullhusen was identified by a thorough investigation into his background and comparison of the facts established with certain facts set out in the secret writing letter. Thereafter, specimens from Rullhusen's typewriter were obtained and forwarded to the FBI Laboratory where the typewriting on the secret writing letter was identified. It was found that Rullhusen was working out of the Bremen Ast and had been recruited by Johannes Bischoff, a prominent cotton man of Bremen, Germany, who was also one of the principals in the Bremen espionage headquarters. Because of Johannes Bischoff's connections, it was deemed peculiar that he had given thirty thousand dollars to his cousin, Ludwig Bischoff, in Dallas, Texas, to commence a cotton firm in that city. Further investigation in both Colombia and the United States

revealed that Rullhusen and Ludwig Bischoff had been in constant communication during 1940, 1941 and 1942. Ludwig Bischoff had forwarded letters received from Johannes Bischoff bearing the return drop address, Caixa Postal 527, to Rullhusen, and had also forwarded various amounts of money from time to time to Rullhusen after such money was transferred to Ludwig Bischoff by Johannes Bischoff.

It was also determined that Ludwig Bischoff had forwarded radio parts to Rullhusen, which parts could be used to construct a radio transmitter. It was known from the secret writing letter that Rullhusen had a clandestine transmitter, and it was believed that he had built this transmitter with the radio parts sent to him by Bischoff. These radio parts were sent to Rullhusen ostensibly because Rullhusen was engaged in the radio business. However, investigation into Rullhusen's background failed to reveal that he had engaged either in the radio or cotton businesses at the time Ludwig Bischoff was writing to him about such matters.

The Colombian authorities indicated that Rullhusen would be expelled from Colombia, and in December, 1943, the facts in this case were furnished to the Department of Justice for consideration as to the prosecution of Ludwig Bischoff and possibly Rullhusen on espionage conspiracy charges. (64-20083)

Rullhusen was expelled from Colombia in May, 1944 and interned in the United States. Upon interrogation he admitted his recruitment and training as a German espionage agent in Bremen during 1940, and identified one of his fellow trainees, Waldemar Othmer. Othmer had been under investigation in the United States under strong suspicion as an agent, and with the information supplied by Rullhusen he was apprehended and admitted engaging in espionage in the United States. He was sentenced to thirty years in a federal prison in June, 1944. Rullhusen and Ludwig Bischoff were named as co-conspirators in a secret espionage indictment when it was found that Bischoff had also sent money to another German agent in the United States named Simon Koedel on instructions of Johannes Bischoff from Bremen. Koedel was arrested and charged with espionage. (100-30234)

(4) Ludolf Oscar Max Poensgen (Koch). Poensgen was among the six most dangerous individuals expelled from Colombia on April 15, 1944 to Panama and turned over in Panama to the custody of the United States Army authorities. Subsequently Poensgen was brought to the United States, where he was interviewed at New Orleans, Louisiana by Bureau representatives. Poensgen had long been under investigation by SIS representatives in Colombia and was a known German sabotage agent, having been identified as the individual referred to in PYL messages at Valparaiso, Chile as "P" in a message referring to "P" and "J". The "J" is known to have referred to another known German agent, namely Bruno Johansen, who was in an internment camp in Colombia having, like Poensgen, been entirely neutralized. (64-20010)

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(5.) Internment Program. As a result of information obtained and correlated by SIS in Colombia, the Alien Enemy Control Unit of the Department of Justice, through its representative, [redacted] decided that one hundred and forty-one individuals in Colombia, both German nationals and Colombian citizens, were sufficiently dangerous to warrant their expulsion and internment in the United States or internment in Colombia. Thereafter, the United States Embassy in Bogota, in conference with Colombian officials agreed upon a list of forty individuals to be expelled from Colombia for internment in the United States, all of these being German nationals. Other dangerous individuals, most of them Colombian citizens by naturalization or birth, were to be interned or restricted within Colombia.

The Internment-Deportation Program in Colombia was to have been effected in the early part of February, 1944; however, due to the unsettled political situation in Colombia, the program was delayed, principally because of the threatened revolution and impending political changes. Beginning in April, 1944, principally at the insistence of SIS representatives through United States Ambassador Arthur Bliss Lane, the internment and expulsion program got under way. Individual dossiers were prepared and furnished the Ambassador, resulting in approximately 150 Axis nationals being interned and on April 15, 1944, six of those considered most dangerous were expelled. In this group were six known German agents all of whom were turned over to United States Army authorities in Panama. (105-4891)

b. Spanish Falange Activities

By virtue of information gathered and prepared concerning the nature and extent of the activities of the Spanish Falange in Colombia, the Bureau was in part responsible for the removal or transfer of the former leader of the Spanish Falange for the Republic of Colombia, the ex-Secretary to the Spanish Legation, Manuel Onos de Plandolit, to the Republic of Panama. Plandolit was the known Spanish Falange leader, and reports concerning his and other Falangists' connivance with Nazi elements in Colombia were called to the attention of the Spanish Minister on several occasions. Such action on the part of SIS was believed to have been largely instrumental in causing Plendolit's removal. (64-3204-E-13, 14; Colombian Monograph)

c. Communist Activities

With an active Communist Party and an aggressive Soviet Legation, the coverage of Communist and related matters in Colombia was given a high priority by the American Ambassador who delegated all such matters to the Legal Attache, forbidding other agencies of the Embassy from entering such investigations.

Apart from its position in the international Communist movement, the Colombian Communist Party, which changed its name to the Partido Socialista

Democratico (Socialist Democratic Party) held a position of importance in domestic Colombian affairs out of proportion to its actual size. This influence came through its control of important labor groups such as the Petroleum Workers Union and the Confederation of Workers of Colombia, as well as through its political strength derived from its active support of the Liberal Party. Following the end of the war, however, the Communists suffered several political set-backs and when the split in the Liberal Party gave the May 1946 elections to the Conservatives, the Communists lost most of their influence with the Government. After this defeat at the polls, dissention developed within the ranks of the Communist Party, and by the time the Legal Attache's Office closed, there were definite indications of an impending rupture in the Party.

Through a combination of circumstances, it was possible for the Bureau's representatives to secure excellent informants within the Communist Party organization. Some of the best of these were Spanish Communists who furnished some of the most significant information in the possession of the Bureau concerning the background and operations of the Communist Party of Spain. The handling of Communist investigations by SIS Agents was performed with such completeness that Ambassador Wiley on several occasions complimented the Bureau on the thoroughness and accuracy of its coverage. (64-200-208)

d. Platinum Smuggling

Representatives of the Office of the Legal Attache in Bogota from time to time compiled information relating to the activities of smugglers and contrabandists dealing in platinum in the Republic of Colombia. Various agencies of the United States Government viewed the activity of smugglers of platinum from Colombia to Axis hands as one of the principal forms of subversive activity. As a result of the SIS investigation of platinum smugglers, information concerning them was furnished by the United States Embassy to the Colombian Government which indicated that it would take stringent action against the smugglers and deport those who were engaged in such activity. A list of seventeen individuals whom the Legal Attache at one time considered to be the principal smugglers was furnished to the Colombian Government, and arrangements were made for the expulsion of these individuals regardless of their nationality.

The activity of SIS representatives in this connection was regarded by the United States State Department and the Naval and Military authorities as of the utmost importance with respect to Colombian platinum getting into the hands of the enemy and was therefore of vital significance with regard to the Allied war effort.

[redacted] of the Office of Economic Warfare, who conducted a survey of the platinum smuggling situation in Colombia, commented that he

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found that the FBI in Colombia was the only agency capable of taking any action with respect to the legal control of smuggling. He highly praised the FBI representatives and stated that they knew all of the smugglers in Colombia and had complete files on them and the only remaining question was what action should be taken. Action was taken on the part of the Colombian Government to curb the flow of platinum from the Republic to Axis agents by legislation directed against contrabandists and native private operators from whom the bulk of the platinum was sold to illegal agents. Under this legislation, all platinum in the Republic was controlled through the Banco Central or an official government agency set up for its control.

As an instance of SIS cooperation with officials in the United States, the trial of Dr. Ferdinand Kertess in New York City is cited. Kertess was under indictment for the violation of the Neutrality Laws, through illicit traffic of platinum, rhodium and other precious metals with the Axis nations. SIS representatives in Colombia assisted materially in "clinching" the conviction of Kertess through tracing a quantity of these materials from the United States through Colombia and Chile. An important part of the evidence dealt with the tracing of a shipment during December, 1941, from New York to Cali, Colombia routed through an intermediary, one Theodor Barth, a German national and chief buyer of platinum for Germany prior to World War II. Evidence of the receipt of the metal on the part of Barth and further shipment to Axis nations was established in Colombia and strongly influenced the jury in the conviction of Kertess.

SIS representatives in Ecuador and Colombia developed sufficient information concerning the activities of platinum smuggling from Colombia to Ecuador by Gilberto de los Rios and Isaac Villata, which, when turned over to the Ecuadoran authorities at Quito, Ecuador, resulted in the arrest of these individuals on March 7, 1944. At that time these individuals were found to be in the possession of 10 pounds of platinum which had been illegally transported from Colombia to Ecuador. This platinum in the black market in Ecuador was worth considerably over $10,000. Signed statements were obtained from both of these individuals in which they admitted purchasing the platinum in Cali, Colombia, five pounds each from Victor Ccorog and Paisa Velez, both of Condoto, Colombia.

SIS representatives in Colombia and Ecuador, for a considerable period of time, investigated the smuggling of platinum from Colombia to Ecuador by Elias Kelil Nader. Information developed was turned over to the Comandante of the Carabineros in Quito, Ecuador. As a consequence, Nader was apprehended in the early part of 1944 by Ecuadoran officials and contraband platinum weighing about three pounds which was found in his possession, was confiscated. He stated that the platinum was owned by Neftali Ramirez of Bogota, Colombia, and in a signed statement admitted having transported the platinum from Colombia to Ecuador, from which place he attempted to sell it to various individuals in Havana, Cuba and Buenos Aires, Argentina, at contraband prices.

In October of 1943 Neptali Ramirez Almeida of Pasto, Colombia, brought two grams of platinum to Quito, Ecuador, which he left with Vicente Puertas as a sample which would be used to interest buyers in purchasing platinum. Puertas and four others attempted to obtain buyers for platinum which would be brought to Ecuador clandestinely by Ramirez. SIS representatives, through investigation of these activities, were able to obtain information which when presented to the Ecuadoran authorities, resulted in all five of the individuals being apprehended on March 28, 1944. Signed statements were taken at that time in which they admitted their participation in the platinum black market. However, in view of the fact that none of the individuals were apprehended at the time they actually transported the platinum into Ecuador, they were released.

SIS representatives in Colombia investigated the activities of Jacobo Cohen, proprietor of Laboratorios Dentalia, Medellin, Colombia, the largest platinum dealer in that city. Cohen became a Colombian citizen on March 30, 1940, at which time he declared that he was a Greek citizen and displayed a Greek passport issued at Havana, Cuba. Evidence was obtained which indicated that Cohen was actually a Syrian citizen and obtained his passport fraudulently in Havana, Cuba. Comparison of Cohen's fingerprints with those on file in Havana, Cuba, established that Cohen was identical with an individual in Cuba who registered as a Syrian national.

Cohen sold platinum to many individuals who were known to be smugglers, including Rosendo Lopez, a member of the Harold Ebury smuggling ring, who was apprehended at Ipiales, Colombia, January 18, 1944, at which time he was found to be in possession of platinum which he intended to smuggle into Ecuador.

Alderado Farias, a well-known smuggler who was apprehended in Lima, Peru, in June, 1944, admitted in his signed statement that he had purchased from Cohen 22 pounds of platinum for approximately $21,000, which he had smuggled to Buenos Aires, Argentina. On the basis of these facts which were developed by SIS representatives, the Colombian Government took under consideration denaturalization proceedings against Cohen.

Numerous reports were received that large quantities of platinum were being smuggled from Colombia to Argentina, which in turn, were being transported to Europe where they were diverted to the Axis military machine. In April, 1944, the American Ambassador to Colombia requested, through the State Department, that four Bureau Agents be dispatched to Colombia to intensely investigate platinum smuggling in that country. By October, 1944, this activity was so thoroughly investigated that the American Ambassador was able to present sufficient evidence of these activities to the Colombian Government which resulted in four aliens being designated for deportation, four additional aliens being declared persona non grata, and denaturalization proceedings were initiated against a naturalized Colombian. Furthermore, through the information furnished by the American Ambassador, the

Colombian Government promulgated a decree which established rigid control over platinum production and traffic. Also, approximately twenty individuals were recommended for consideration for inclusion on the Proclaimed List of Certain Blocked Nationals. In one case alone, approximately 100 pounds of platinum were accounted for and over eight pounds of platinum with a black market value of approximately $9,000, were recovered. Due to the satisfactory progress of the investigation, the four Bureau Agents who had been sent to Colombia in May, 1944 to cover this case were recalled in October, 1944. (64-27423)

e. Colombian Political Situation

During the time the Bureau had representatives in Colombia, the various revolutionary intrigues were closely followed through the utilization of high governmental contacts, police liaison work, and confidential informants. The political scene in Colombia was probably more involved than in most of the other Latin America countries and the American Ambassador was kept currently advised of the situation by Bureau representatives.

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3. Personnel

The following Special Agents and Special employees were assigned to SIS work in Colombia:

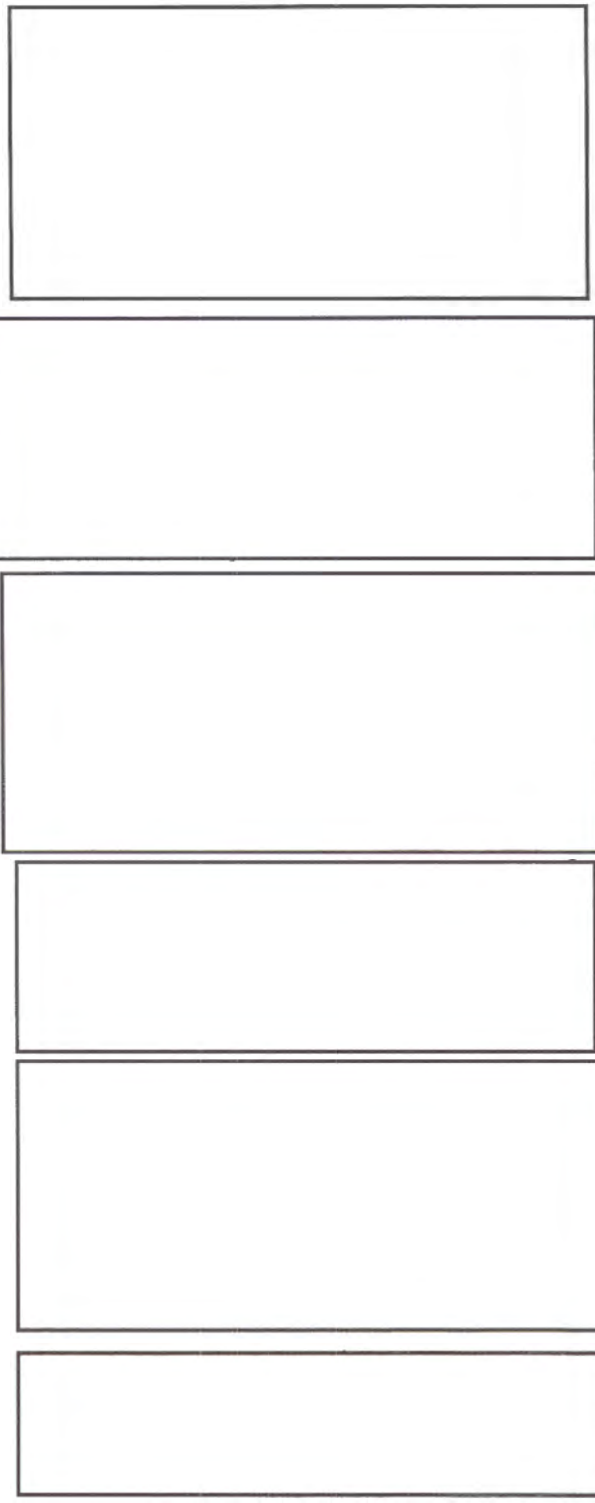
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NAME	SIS	CITY	DATE	ASSIGNMENT
		Bucaramanga	4/42 - 8/43	Official
		Bogota	5/42 - 10/42	Undercover
		Bogota	2/43 - 12/43	Undercover
		Bogota	11/42 - 1/44	Undercover
		Bogota	9/43 - 12/43	Undercover
		Bogota	7/42 - 5/43	Undercover
		Bogota	9/43 - 6/44	Official
		Barranquilla	6/41 - 8/42	Undercover
		Bogota	3/45 - 3/47	Official
		Bogota	4/44 - 6/44	Police Liaisc
		Bogota	2/44 - 12/44	Undercover
		Bogota	6/45 - 4/46	Undercover
		Bogota	2/45 - 4/47	Undercover
		Bogota	6/42 - 1/45	Legal Attache

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Barranquilla	7/42 - 4/44	Official
Bogota	3/46 - 3/47	Official
Bogota	9/43 - 11/43	Undercover
Bogota	7/43 - 10/43	Police Liaison
Bogota	11/42 - 5/45	Undercover
Cali	5/44 - 11/45	Official
Bogota	11/41 - 9/42	Undercover
Bogota	2/43 - 3/43	Undercover
Cali	3/43 - 3/44	Official
Medellin	6/45 - 12/45	Official
Bogota	1/44 - 12/44	Undercover
Medellin	11/41 - 5/42	Undercover
Bogota	4/42 - 10/42	Official
Bogota	2/45 - 12/45	Official
Bogota	7/45 - 11/45	Official
Bogota	4/42 - 1/43	Undercover
Bogota	10/40 - 11/40	Undercover
Barranquilla	11/40 - 5/41	Undercover
Cali	12/42 - 7/43	Undercover
Bogota	1/45 - 3/46	Undercover
Bogota	9/44 - 10/45	Police Liaison
Bogota	1/44 - 6/44	Police Liaison
Bogota	12/45 - 8/46	Legal Attache
Bogota	12/44 - 4/47	Police Liaison
Medellin	1/43 - 7/43	Undercover
Cartagena	2/43 - 11/43	Official
Bogota	11/43 - 12/44	Official
Cartagena	10/43 - 11/43	Official
Bogota	8/43 - 11/43	Undercover
Barranquilla	3/42 - 10/42	Undercover
Bogota	6/44 - 9/45	Official
Medellin	7/42 - 3/43	Undercover
Medellin	7/42 - 12/43	Official
Bogota	5/44 - 11/44	Official
Bogota	12/41 - 9/42	Official
Bogota	8/40 - 10/40	Official
Bogota	8/45 - 9/46	Undercover
Cali	5/43 - 11/44	Official
Bogota	8/42 - 11/42	Official
Bogota	10/43 - 11/43	Undercover
Bogota	10/42 - 8/43	Legal Attache
Barranquilla	7/43 - 11/43	Undercover
Cali	10/45 - 11/45	Official
Bogota	11/45 - 3/47	Legal Attache
Cali	10/41 - 10/42	Undercover
Bogota	4/43 - 3/44	Police Liaison
Bogota	4/43 - 5/43	Plant Survey

Bogota	3/43 - 2/45	Undercover
Bogota	12/44 - 1/46	Legal Attache
Bogota	1/43 - 12/43	Undercover
Bogota	3/43 - 9/43	Undercover
Cali	3/46 - 3/47	Official
Bogota	6/44 - 11/44	Official
Barranquilla	11/44 - 6/46	Official
Bogota	5/44 - 10/44	Official
Barranquilla	12/41 - 8/42	Undercover
Bogota	5/44 - 12/44	Official
Bogota	2/41 - 7/42	Official
Bogota	5/44 - 9/44	Official
Travel		
Barranquilla	6/45 - 6/46	Undercover
Bogota	5/43 - 12/43	Official
Bogota	11/40 - 1/41	Official
Barranquilla	1/44 - 2/45	Official

4. Bibliography

a. Principal Investigative Files

64-3200 General Miscellaneous File on Colombia

64-3200-A Miscellaneous File on German Activities in Colombia.

64-3200-B Miscellaneous File on Japanese Activities in Colombia.

64-3200-C Miscellaneous File on Italian Activities in Colombia.

64-3200-D Miscellaneous File on Communist Activities in Colombia.

64-3200-E Miscellaneous File on Spanish Activities in Colombia.

64-3200-F Miscellaneous File on French Activities in Colombia.

64-3200-G Miscellaneous File on British Activities in Colombia.

64-3200-H Miscellaneous File on American Activities in Colombia.

64-3200-K Miscellaneous File on Swiss Activities in Colombia.

64-3200-L Miscellaneous File on Swedish Activities in Colombia.

64-3200-N Miscellaneous File on Austrian Activities in Colombia.

64-3201 General File Covering Political Matters in Colombia

64-3202 General File Covering Economic Matters in Colombia

64-3203 General File Covering Social Matters in Colombia

64-3204 General File Covering Foreign Agents in Colombia

64-3204-A German Agents in Colombia

64-3204-B Japanese Agents in Colombia

64-3204-C Italian Agents in Colombia.

64-3204-D Communist Agents in Colombia.

64-3204-E Spanish Agents in Colombia.

64-3204-F French Agents in Colombia.

64-3205 General File on Propaganda in Colombia

64-3205-A German Propaganda in Colombia

64-3205-B Japanese Propaganda in Colombia.

64-3205-C Italian Propaganda in Colombia.

64-3205-D Communist Propaganda in Colombia.

64-3205-E Spanish Propaganda in Colombia.

64-3205-F French Propaganda in Colombia

64-3206 General File on Foreign Penetration in Colombia

64-3206-A German Penetration in Colombia.

64-3206-B Japanese Penetration in Colombia.

64-3206-C Italian Penetration in Colombia.

64-3206-D Communist Penetration in Colombia.

64-3206-E Spanish Penetration in Colombia.

64-3206-F French Penetration in Colombia.

64-3206-G British Penetration in Colombia.

64-3206-K Swiss Penetration in Colombia.

64-3207 Sabotage in Colombia

64-3208 General File on Foreign Residents in Colombia

64-3208-A German Residents in Colombia

64-3208-B Japanese Residents in Colombia.

64-3208-C Italian Residents in Colombia.

64-3208-D Communist Residents in Colombia.

64-3208-E Spanish Residents in Colombia.

64-3208-F French Residents in Colombia.

64-3208-G British Residents in Colombia.

64-3208-H American Residents in Colombia.

64-3208-J Rumanian Residents in Colombia.

64-3208-K Swiss Residents in Colombia.

64-3210 Military and Naval Matters in Colombia

64-3211 Foreign Firms in Colombia

64-3211-A German Firms in Colombia.

64-3211-B Japanese Firms in Colombia.

64-3211-C Italian Firms in Colombia.

64-3211-E Spanish Firms in Colombia.

64-3211-F French Firms in Colombia

64-3212 Radio Stations in Colombia

64-3212-A German Radio Stations in Colombia

64-3212-B Japanese Radio Stations in Colombia.

64-3212-C Italian Radio Stations in Colombia.

64-3212-E Spanish Radio Stations in Colombia.

64-3212-F French Radio Stations in Colombia.

64-3214 Submarine Activities in Colombia

64-3216 Plant Surveys in Colombia

64-27423 Platinum Smuggling in Colombia

64-200-208 The Communist Party in Colombia, known as the Partido Socialista Democratica (Social Democratic Party)

64-211-208 Soviet Diplomatic Activities in Colombia

64-20083 "Rule Case"

100-34561-208 Labor Conditions in Colombia

64-24773 Confederation of Workers in Colombia

64-29833-208 Police Matters in Colombia

97-4-4881-9 Summary Memoranda prepared for the American Ambassador at Bogota, Colombia giving background and up-to-date information as of November 1, 1944, on the following subjects:

"Revolutionary Movements and Anti-American Organizations", 10 pages.
"German Activities in Colombia", 38 pages.
"Italian Activities in Colombia", 11 pages.
"Platinum Smuggling in Colombia", 11 pages.
"French Activities in Colombia", 4 pages.
"Spanish Activities in Colombia", 8 pages.
"Communist Activities in Colombia", 29 pages.

b. Administrative Files

64-4471 Office Administrative File for Legal Attache's Office, Bogota, Colombia.

64-498-208 Office Monthly Reports for Legal Attache's Office, Bogota, Colombia.

64-46290 Living Conditions in Colombia.

67-383633 Office Personnel File for Legal Attache's Office, Bogota, Colombia, filed under "Embassy, Bogota, Colombia." The inspection reports for this office are filed separately.

64-4123-208 Informant File for Colombia

c. Monographs

"Totalitarian Activities in Colombia Today." General monograph

covering various phases of the Bureau's work in Colombia. Published March, 1942; 282 pages.

"The Communist Movement in Latin America." General monograph covering Communism in Latin America on a hemispheric basis. Pages 28 to 29 deal specifically with the Communist Party in Colombia. Published January, 1946; 150 pages.

"The Japanese in Latin America." General monograph on Japanese activities in the various Latin America republics. Pages 70 to 76 pertain to the Japanese in Colombia. Published November, 1945; 179 pages.

I. COSTA RICA

1. SIS Facilities and Objectives

Due to the efforts of the Germans to organize and gain footholds in Latin America it was considered essential by the Bureau that arrangements be made for adequate coverage of German and related Axis activities in Costa Rica.

SIS coverage of conditions in Costa Rica began in February, 1941 through the utilization of one Special Employee and later was enlarged to such an extent that by September, 1943, eight Special Agents were working in the country under the direction of the Legal Attache with offices in the U. S. Embassy at San Jose. This number had been reduced to two Agents by July, 1946 when steps were taken to close the office due to the withdrawal of the Bureau from the foreign intelligence field.

A radio station was maintained in the Embassy by the Legal Attache with which the Bureau was constantly in contact.

2. Major Accomplishments

a. Early Coverage

A rather complete check of all communications of interest to the Bureau was made by the Bureau undercover representatives who used their own company, the Caribbean Packing Company, as their cover. Through the cooperation of [redacted] in Costa Rica [redacted] surveillances were conducted on the Argentine and Spanish Legations and the residences of suspected persons. Through this same informant these Bureau representatives were permitted to monitor all radio [redacted] messages in and out of Costa Rica.

Until a Bureau representative was placed in the United States Embassy SIS undercover agents were provided with all censorship material on mail entering or leaving the country through the assistance of another informant, [redacted] After the Bureau established official representation in the Embassy, however, this type of coverage was no longer needed inasmuch as it was secured through Embassy representatives.

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The undercover representatives referred to above were also able to secure information on events taking place in the [redacted] b7D This was done through another [redacted] who was an employee of the [redacted] and it proved to be of extreme importance concerning the political and financial

conditions of the Republic. It was through this source that the Bureau learned of the necessity for the loan of $2,000,000 which the United States Government made to the Costa Rican Government in the Fall of 1942. Considerable agitation had been created by the followers of the opposition presidential candidate because of the critical financial situation and this agitation made it imperative that the Government secure financial assistance.

It was also learned through the source above mentioned that the Costa Rican President desired to inform himself concerning the attitude of the United States Government with respect to the confiscation or expropriation of property of aliens within the country but did not wish to approach the Embassy directly for this information. As a result, information was dispatched to the State Department which in turn, we were informed, advised the Minister to approach the President of Costa Rica and give his consent to the contemplated move. This consent was verbal and did not satisfy President Calderon Guardia. He, however, refused to approach the Minister because of the cool relations which had existed between the two for some time. Again the Bureau was informed of the situation, and the State Department was notified of the situation.
(64-2000-262, 62-2100-1044)

b. German Activities

With respect to the Republic of Costa Rica, the Bureau during 1942 and 1943 was able to maintain very good coverage. This was true to a large extent even when SIS operations were strictly by undercover representatives. This permitted the submission over a period of several months of information concerning the many persons in that country who were self-expressed pro-totalitarian in sentiment and others who, though not self-expressed as such, were known to be pro-totalitarian because of their activities. The greater proportion of these individuals possibly were not actively pro-Hitler except with respect to verbal propaganda, but the information submitted on them enabled United States agencies and the Costa Rican Government to know just who should be watched during times of danger and stress. (64-2104-197, 198, 199; 64-2104-E-170 and 64-2100-E-197)

Through the efforts of the Bureau Agents and employees, the propaganda methods employed by the German Club and the German School were ascertained. This information was a major factor in the closing of those organizations by the Costa Rican Government. During 1942 and 1943 approximately 390 individuals (including some families of the deportees) were deported from Costa Rica for internment in the United States. Many of these were withdrawn from the country as a result of information furnished by SIS personnel. Some of the most important individuals who were deported from Costa Rica were the following:

Otto F. Wimmer	Oscar Kasch
Victoria Tradt	Rudolf Lidgens
Ingo Kalinowsky	Adolfo Sandweg
Max Pasohka	Max Efinger
Walter Arend	Rudolf Peters

(64-2108-A-105,106; 64-2104-643)

During the summer of 1942 there was a rumor that the Nazi saboteurs, Walter Kappe, Reinbold Rudolf Barth and Joseph Schmidt, were at large in Costa Rica. The Costa Rican Government published a full page advertisement offering rewards for information leading to the capture of the saboteurs dead or alive, and pictures of the men originally furnished by the Bureau were published. As a result of the advertisement many rumors sprang up which of necessity had to be investigated but the men in question were not apprehended, and it was never ascertained that the saboteurs were ever in Costa Rica. However, as a result of the search and suggestions by Bureau personnel, aliens were subsequently moved inland to the interior of the country away from the coastal area.

(64-2104-A-1005,1006; 98-1449-586,781)

Bureau personnel gathered considerable commercial and financial information in the Republic which was of inestimable value in the equitable functioning of the United States Proclaimed List of Certain Blocked Nationals Among those individuals and firms who were placed on the list as a result of information furnished by the Bureau were the following:

Ameno Cia.	Franz Amrheim
Dr. Jose Corvetti	Emilio Dorsam
Max Efinger	Libreria Lehmann y Cia.
Richard Neumann	Guillermo Niehaus y Cia.

(64-211-A-278,283,318; 64-2104-A-99-X1-444,520,598; 64-2101-178; 64-1005-16)

Information concerning the activities of Axis Nationals in Costa Rica was so thorough and was distributed in sufficient quantities to have been instrumental in convincing the Costa Rican Government of the necessity of continuing the suspension of constitutional guarantees. The suspension of those guarantees permitted deportation of enemy nationals which procedure would otherwise have been impossible.

(64-2101-84)

c. Communist Activities

The Communist Party of Costa Rica, later known as "Vanguardia Popular", is recognized as a legally organized political party. In July,

1931, a group of Costa Ricans, led by the young lawyer Manuel Mora Valverde, organized a political party known as "The Bloc of Workers and Farmers". The group began an intensive organizational campaign which soon resulted in the establishment of branches in Alajuela, Port Limon, Heredia, Puntarenas, Desanparados, and San Joan de Tibas. Approximately one year after the "Bloc" was founded, the name was changed to "The Communist Party of Costa Rica."

In March, 1932, the Communist Party of Costa Rica announced a program of minimum demands. All political power was to be placed "in the hands of the working classes" and it was asked that councils of workers and farmers should be created. It was stated that there should be a revision of all contracts and agreements between Costa Rica and "national or foreign capitalists". Legislation was advocated which would permit national expropriation of lands and it was stated, "There will be a socialized expropriation of State lands by poor farmers." It was also declared that, "Continuous and concentrated work will be carried on which will result in the formation of a Gran Republica Socialista Sovietica en el Continente Americano (Great Socialist Soviet Republic on the American Continent)." In advertising its May Day celebration of 1933, the Party referred to itself as a "Section of the Communist International".

Under the leadership of Manuel Mora, Secretary General of the Party, the Communist Party in Costa Rica followed a policy of condemning "Yankee Imperialism" and United States interests in Costa Rica. In 1940, Mora published a booklet entitled "Nuestra Soberania el Frente del Departamento del Estado" (Our Sovereignty Against the Department of State), which attacked "Yankee Imperialism" and the United States Department of State. In this booklet is found Mora's statement that: "If our continent were to be menaced by an invasion of the Nazis we will be in accordance with defense; however, this will be a defense against Germany and not for the purpose of being chained by the magnates of Wall Street."

When the Soviet Union was invaded by Germany the Party dropped its campaign against "imperialist" nations and called for support of the United Nations in combating Nazi oppression.

Subsequent to the announced dissolution of the Third (Communist) International in June, 1943, the Communist Party of Costa Rica held a conference which dissolved the Party and created in its stead the Vanguardia Popular. Soon after, Manuel Mora advised the "Daily Worker" newspaper in New York City that the Party had been dissolved and that by the same act Vanguardia Popular had been organized, incorporating the "organisms and militants" of the Communist Party, and "without substantial variation" in program and statutes. Mora further advised the "Daily Worker" that on June 22, 1943, Vanguardia Popular would publicly honor the Red Army, the Soviet people, and Stalin.

The Party obtained control of the directorate of the Confederation of Workers of Costa Rica and, in the form of a "broad, popular party", made great gains in voting strength and in the number of Party members holding elective and appointive positions in the government.

During May, 1944, it was announced that diplomatic relations had been established between Costa Rica and the Soviet Union. Constantine Oumansky, the Soviet Ambassador to Mexico was also designated Minister to Costa Rica. He was killed in an airplane accident, however, when en route to Costa Rica to present his credentials on January 25, 1945. Following his death, no further attempts were made to assign a Soviet Minister to Costa Rica before our SIS representatives withdrew from that country.

Bureau coverage of the Vanguardia Popular (Communist) Party of Costa Rica during the summer of 1946 revealed that it was working with Nicaraguan exiles to assist them in overthrowing Nicaragruan President Samoza. In return, it expected a free hand in organizing Nicaraguan labor according to the ideas of Communist leader, Manuel Mora of Costa Rica, and Vicente Lombardo Toledano of Mexico. Mora had conferred with Nicaraguan revolutionaries in Mexico in March, 1946, and maintained local liaison in Costa Rica through Ernesto Ludovico Carlos Rechnitzer, offering arms and men to assist an uprising.

Beginning in May, 1946, Costa Rican Communists began collecting small arms and ammunition, aided by Party funds and even assistance from Colonel Victor Carrillo, a Communist sympathizer on the staff of President Teodoro Picado. Picado, who feared his own government might be overthrown, counted on Communist help to repel it and was in turn almost completely dominated by them.

When Bureau operations in Costa Rica ceased August 15, 1946, Manuel Mora and the Communists had a free hand in controlling the labor movement in that country. Their success in this field was consummated in December, 1946, when Vicente Lombardo Toledano held the important Conference of the Central Committee of the Confederation of Latin American Workers in San Jose. (64-200-209)

d. Spanish Falange Activities

During 1942 Bureau Agents in Costa Rica definitely ascertained that Falangist propaganda was being sent from Spain to Costa Rica by means of the Spanish diplomatic pouch. This material was addressed to the Spanish Minister but the name of Don Sabastian Naranjo, Secretary of the Spanish Legation, appeared on the inner envelope. Naranjo was regarded for many months as head of the Falangist movement in Costa

Rica. Rumors arose to the effect that he had been replaced late in 1942, but investigation never showed this to be so. (64-2105-E)

e. Political Affairs

Beginning in the summer of 1942 the Costa Rican political party in power and the opposition party became active in campaigning, looking forward to the election to be held on February 13, 1944. This election campaign caused considerable "mud slinging" on the part of both parties, and it was difficult for many months to determine who might be the presidential candidates. In connection with the political campaign the Communist Vanguardia Popular Party was extremely active and threw its weight behind the party in power after a great many laws beneficial to labor had been passed by the Costa Rican Congress at the instigation of the President.

The February 13, 1944, presidential elections resulted in the election of Teadoro Picado. SIS personnel had kept the Bureau supplied with information predicting this outcome. Preceding the election on February 6, 1944, there was a minor riot in which it was variously reported that from one to five persons were killed and over thirty-two injured. The opposition became quite active following the election outside of Costa Rica in an attempt to enlist the aid of various Central American Governments in a plan to unseat President-elect Picado. SIS followed all these activities and the information reported was accurate and in considerable detail.

Reports on the changing situation were constantly submitted by SIS personnel, and the interested United States agencies were kept advised of each new development. For the period of one week prior to the election and two weeks subsequent thereto, the Bureau maintained hourly radio contact for twenty-four hours a day with the Bureau radio located in San Jose. The situation for several weeks prior to the actual election was extremely tense, and SIS personnel constantly contacted all informants and investigated any reports concerning the possibility of revolutionary plots. Constant reporting accompanied all investigations, and all interested agencies were kept advised of developments. (64-2101-642)

f. Miscellaneous

Efforts of Bureau representatives in Costa Rica permitted MID in Panama and the Costa Rican Police to confiscate $60,000 in counterfeit Panamanian revenue stamps which were being manufactured in Costa Rica. Information furnished by the Bureau also permitted the apprehension of the individuals involved. (64-2500-30205)

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3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Costa Rica:

Name	SIS	City	Date	Cover
		San Jose	5-45 - 2-46	Official
		San Jose	5-43 - 11-43	Official
		San Jose	10-45 - 3-46	Official
		San Jose	5-42 - 8-42	Undercover
		San Jose	7-42 - 1-45	Undercover
		San Jose	7-41 - 5-42	Official
		San Jose	9-42 - 10-43	Undercover
		San Jose	2-43 - 11-43	Official
		San Jose	1-44 - 3-45	Legal Attache
		San Jose	1-46 - 8-46	Legal Attache
		San Jose	3-45 - 11-45	Legal Attache
		San Jose	7-43 - 2-44	Legal Attache
		Puerto Limon	2-43 -12-43	Official
		San Jose	2-41 - 1-44	Undercover
		San Jose	10-44 - 3-45	Undercover
		San Jose	1-43 - 12-43	Official
		San Jose	8-42 - 7-43	Legal Attache

4. Bibliography

a. Principal Investigative Files

64-2100 General Miscellaneous File on Costa Rica.

64-2100-A General File on German Activities in Costa Rica.

64-2100-B General File on Japanese Activities in Costa Rica.

64-2100-C General File on Italian Activities in Costa Rica.

64-2100-D General File on Communist Activities in Costa Rica.

64-2100-E General File on Spanish Activities in Costa Rica.

64-2100-F General File on French Activities in Costa Rica.

64-2100-G General File on British Activities in Costa Rica.

64-2100-H General File on American Activities in Costa Rica.

64-2100-K General File on Swiss Activities in Costa Rica.

64-2100-N General File on Austrian Activities in Costa Rica.

64-2101 General File on Political Affairs in Costa Rica.

64-2102 General File on Economic Matters in Costa Rica.

64-2103 General File on Social Matters in Costa Rica.

64-2104 General File on Foreign Agents in Costa Rica.

64-2104-A German Agents in Costa Rica.

64-2104-B Japanese Agents in Costa Rica.

64-2104-C Italian Agents in Costa Rica.

64-2104-D Communist Agents in Costa Rica.

64-2104-E Spanish Agents in Costa Rica

64-2104-F French Agents in Costa Rica.

64-2104-G British Agents in Costa Rica.

64-2105 General File on Propaganda in Costa Rica.

64-2105-A German Propaganda in Costa Rica.

64-2105-C Italian Propaganda in Costa Rica.

64-2105-D Communist Propaganda in Costa Rica.

64-2105-E Spanish Propaganda in Costa Rica.

64-2105-F French Propaganda in Costa Rica.

64-2105-G British Propaganda in Costa Rica.

64-2105-H American Propaganda in Costa Rica.

64-2106 General File on Foreign Penetration in Costa Rica.

64-2106-A German Penetration in Costa Rica.

64-2106-B Japanese Penetration in Costa Rica.

64-2106-C Italian Penetration in Costa Rica.

64-2106-D Communist Penetration in Costa Rica.

64-2106-E Spanish Penetration in Costa Rica.

64-2106-F French Penetration in Costa Rica.

64-2106-G British Penetration in Costa Rica.

64-2107 Sabotage in Costa Rica.

64-2108 Foreign Residents in Costa Rica.

64-2108-A German Residents in Costa Rica.

64-2108-B Japanese Residents in Costa Rica.

64-2108-C Italian Residents in Costa Rica.

64-2108-D Communist Residents in Costa Rica.

64-2108-E Spanish Residents in Costa Rica.

64-2108-F French Residents in Costa Rica.

64-2108-G British Residents in Costa Rica.

64-2108-H American Residents in Costa Rica.

64-2108-I Hungarian Residents in Costa Rica.

64-2108-K Swiss Residents in Costa Rica.

64-2108-N Austrian Residents in Costa Rica.

64-2110 Military and Naval Matters in Costa Rica.

64-2111 General File on Foreign Firms in Costa Rica.

64-2111-A German Firms in Costa Rica.

64-2111-B Japanese Firms in Costa Rica.

64-2111-C Italian Firms in Costa Rica.

64-2111-D Communist Firms in Costa Rica.

64-2111-F French Firms in Costa Rica.

64-2111-G British Firms in Costa Rica.

64-2111-H American Firms in Costa Rica.

64-2111-K Swiss Firms in Costa Rica.

64-2112 Radio Stations in Costa Rica.

64-2112-A German Radio Stations in Costa Rica.

64-2112-C Communist Radio Stations in Costa Rica.

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64-2114 Submarine Activities in Costa Rica.

64-2115 [redacted] Surveillances in Costa Rica.

64-2116 Plant Surveys in Costa Rica.

64-309-209 Smuggling in Costa Rica.

64-200-209 Communist Party in Costa Rica.

64-24773 Confederation of Workers of Costa Rica.

100-341561-209 Labor Conditions in Costa Rica

b. Administrative Files.

64-4582 Office Administrative File for Legal Attache's Office San Jose, Costa Rica.

64-4984-209 Monthly Reports of Legal Attache's office San Jose, Costa Rica.

64-29833-209 Police Matters in Costa Rica.

64-4123-209 Informant File in Costa Rica

64-4958 Living Conditions in Costa Rica.

67-383710 Office Personnel File for Legal Attache's Office, filed under "Embassy, San Jose, Costa Rica." The Inspection Reports for this Office are filed separately. (64-4123-209 Informant file for Costa Rica.)

c. Monographs.

"Totalitarian Activities in Costa Rica Today." General monograph covering the Bureau's work in Costa Rica. Published September, 1943; 210 pages.

"Communist Movement in Latin America." General monograph on Communism in Latin America, treated on a hemispheric basis. Pages 29 and 30 deal specifically with the Communist Party in Costa Rica. Published January, 1946; 158 pages.

"The Japanese in Latin America." General monograph covering Japanese activities in the various countries of Latin America. Pages 160 to 161 deal specifically with the Japanese in Costa Rica, published November, 1945.

"Labor-Communist Movement in Central America." Unpublished monograph which deals in part with labor and Communism in Costa Rica. Prepared as of Fall 1946. Proof copy filed in Bureau Library.

J. CUBA

1. SIS Facilities and Objectives

SIS coverage in Cuba was inaugurated in July, 1940, when two undercover Agents were assigned to Havana at the time the Pan American Conference was held in that city. At the termination of the Conference, one undercover representative was retained. Coverage was continued on an undercover basis until February, 1942, when the first Police Liaison Agent was sent to Havana. The following July, the Legal Attache's Office was opened and in the succeeding months our personnel was expanded until October, 1943, when nineteen Agents were assigned to Cuba. In August, 1946, at which time the final reduction in personnel was started, there were ten representatives on the Island.

Most of the SIS Agents were assigned to Havana. For some time, however, it was found necessary to maintain coverage through the American Consulates in Camaguey and Santiago de Cuba. In February, 1944, adequate sources of information in these regions were developed to the point where they could be handled from Havana and the representatives who had been assigned to the Consulates were withdrawn.

In Havana the Legal Attache's Office was furnished space in the same downtown building which housed most of the other Embassy offices. On September 23, 1942, a Bureau radio station was installed and due to the amount of traffic at the height of its operation, it was necessary to assign two radio operators to that post.

During the first eighteen months, the objectives of SIS coverage in Cuba were limited largely to the procurement of information regarding the identies and activities of Axis agents and sympathizers and to following the general political trends among revolutionary groups. With the assignment of official personnel, these objectives were broadened to include collaboration with the National Police and cooperation in the investigation of cases of mutual interest, in both security and criminal matters.

Prior to the entry of the United States and Cuba into the war, Axis agents had almost a free hand in carrying on their activities in Cuba. Following the declaration of hostilities, the Cuban Government interned some of the more prominent Axis nationals and subsequently confined most of the remaining individuals thought to be dangerous to the conduct of the war. This internment program broke up the organized pro-Axis rings but SIS Agents continued to follow the activities of the other subjects who had come under suspicion of being in sympathy with the enemy.

As the emphasis on pro-Axis coverage diminished due to the progress of the war and the controls put into effect by the Cuban Government, the Bureau's representatives found it necessary to shift more of their attention to the involved political situation and to the growing Communist danger. The Communist Party in Cuba, known under the name Popular Socialist Party, is the

strongest and most influential Communist group in the Caribbean area. As such, knowledge of its activities is of vital importance to the United States Government. By the time the Legal Attache's Office in Havana was closed in April, 1947, our Agents had built up excellent coverage of Communist and Soviet activities.

2. Major Accomplishments

a. German Activities

(1.) Control of German Nationals. Prior to the entry of Cuba into the war on December 9, 1941, the Germans had a well organized colony on the island. There were 4,061 German aliens resident there, who, together with 88 naturalized Germans made a total of 4,149. In addition to these there were 30,361 persons of German extraction. Most of the Germans were located in the province of Havana and many of them were refugees who hoped to eventually enter the United States. A rough estimate of the permanent German colony in Cuba was 1,000, most of whom lived in the city of Havana.

The permanent German colony in Cuba was systematically organized and controlled by the Nazis through the German Legation and various German sponsored organizations. These organizations included:

Nazional sozialistiche Deutsche Arbeiter Partie (German National Socialist Workers' Party),

Deutscher Verein (German Club),

Deutscher Bund (German Bund),

Deutsche Arbeitsfront (German Labor Front),

Winterhilfswerk (Winter Relief Work),

Deutsche Schule (German School), and

Hitler Jugend (Hitler Youth).

In addition to these organizations there were also a native Cuban Nazi party which existed from 1938 to September 27, 1940, and a Union Nacional Ukraniana Cich. (National Ukrainian Union), which were active on behalf of the German government. ("Totalitarian Activities in Cuba Today", pp 65-75)

Through the Bureau's undercover representatives, data were obtained regarding the principal figures in these organizations and that information was transmitted to the State Department. Shortly after the entry of Cuba into the war the Cuban authorities interned 104 individuals sympathetic with the Germans who were deemed to be dangerous to the Hemispheric defense or to the national stability of Cuba. This group

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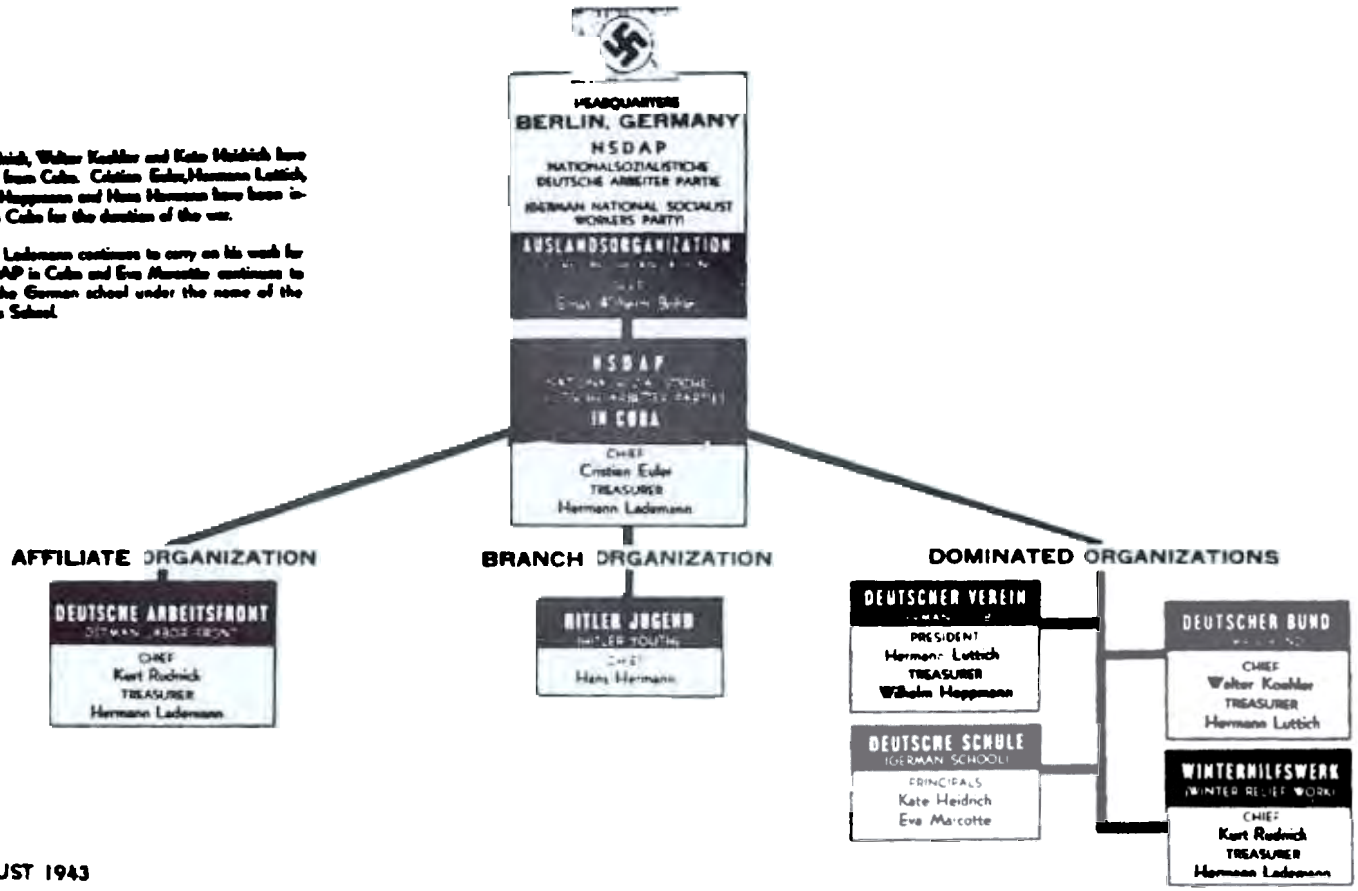
REPUBLIC OF CUBA

Organization in Cuba of the

FOREIGN ORGANIZATION OF THE GERMAN NATIONAL SOCIALIST WORKERS PARTY

Kurt Rudnick, Walter Koehler and Kate Heidrich have departed from Cuba. Cristian Euler, Hermann Luttich, Wilhelm Hoppmann and Hans Hermann have been interned in Cuba for the duration of the war.

Hermann Lademann continues to carry on his work for the NSDAP in Cuba and Eva Marcotte continues to operate the German school under the name of the Columbus School.



AUGUST 1943

SECRET

contained 65 German nationals. In February, 1943, when the Joint Cuban-American Internment Program was inaugurated, additional arrests were made and 52 Germans and 2 Austrians were among those interned as a result of the round-up. (64-26025)

The internment program will be discussed later, but it is worthy of note at this point that while the Bureau in no way participated in the administration of the internment program or in the selection of persons to be arrested, many of these arrests were made on the basis of information obtained by the SIS representatives and made available to the appropriate American and Cuban authorities.

(2) Alcase - Alejandro Urzaiz Gusman. An example of the work performed by SIS representatives in covering the activities of potentially dangerous aliens was the case of Alejandro Urzaiz Gusman. In this case, as in other similar instances, the Bureau representatives in Cuba worked closely with SIS Agents in other countries of Latin America and with Agents in the Bureau's domestic field. b7D

Urziaz Gusman was known through [redacted] to be a German agent and to have received funds from the German espionage system prior to his departure for the Western Hemisphere on September 22, 1943. He was thought to be a possible pay-off agent for the Germans although he was a Spanish national and traveled on an official Spanish passport as Secretary General of the Exterior Bank of Spain. His trip from Europe involved an eight-weeks' stay in Cuba and another eight-weeks' visit to Mexico prior to his entrance into the United States where he remained for about fifteen weeks waiting to embark for Spain. From the time he arrived in the Western Hemisphere until his departure, he was under surveillance by SIS personnel or by Agents of the domestic field.

Urziaz Gusman was allowed to enter the United States in the hope that his possible contacts here could be ascertained. Coverage of his activities, however, failed to disclose any violation of United States laws and he was allowed to depart with the understanding that he would be removed from the ship at Trinidad by the British and interned.

When interrogated by the British and an SIS Agent, Urziaz Gusman furnished considerable information of value but did not admit his pro-German operations. He was subsequently taken to the United Kingdom for internment and it was ascertained that the Spanish Foreign Minister personally interested himself in an effort to secure the subject's release. Further evidence of the importance of this individual was obtained when it was learned that German espionage officials had evinced considerable interest in obtaining his release from the British internment camp.

Close surveillance and intensive investigation of this individual by SIS Agents revealed how the subject had evasively transferred $25,000

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3.7-A

REPUBLIC OF CUBA

COLLABORATION BETWEEN GERMAN, SPANISH, JAPANESE, ITALIAN AND UKRANIAN ORGANIZATIONS IN CUBA

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from Spain to Cuba in contravention of the existing currency laws. This sum was reportedly deemed necessary by Urzias Guzman to carry on his intended activities for the Germans. These investigations also disclosed that he likewise transferred approximately $16,000 of this amount from Cuba to Mexico. The transfer of these funds was disclosed through intensive searches of cable communications.

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The extensive investigation of this subject did not result in the trial and conviction of a Nazi agent nor did his interrogation produce a confession due to the fact that the basic reports came from [redacted] and therefore could not be utilized in questioning him. The information developed regarding his currency transfers was useful, however as the ostensible pretext for which he was interned by the British and immobilized for the remainder of the war. (64-25958)

(3) Heinz August Luning Espionage Case. The most important German investigation handled by SIS Agents in Cuba and the only instance in which an espionage agent was executed by a Latin American government was the case of Heinz August Luning.

Luning was born in Bremen, Germany, in 1911, of a German father and an Italian mother. In 1936 he visited New York City where he was engaged in the export business. During the same year he visited the Dominican Republic and the following year returned to that country where he established another export business. He subsequently went back to Germany.

In the Spring of 1941 Luning was contacted by German espionage representatives who arranged for his espionage training which involved principally the use of secret inks and the construction and operation of a radio transmitter. At the completion of his training he was given an alias of "Enrique Luni," furnished a Honduran passport and given an assignment in Havana, Cuba.

Luning arrived in Havana on September 29, 1941. There he established himself as the owner of a small women's apparel shop and proceeded to furnish shipping information to his principals in Germany through secret ink communications. He endeavored to establish contact with Germany by radio, but was unsuccessful due to his inability along technical lines and his inability to procure some of the necessary equipment.

On August 31, 1942, Luning was arrested and his equipment seized by the Cuban National Police in cooperation with SIS representatives. His arrest was the outcome of the investigation of the Mouts (Mutz) Secret Writing Ring which centered in Lisbon, Portugal. British Censorship submissions had been received for nearly a year covering the mail drops used by Luning in sending information to Portugal. An analysis showed that these letters emanated from Havana, several different names of alleged addressors were used and the messages were sent to various addressees in Spain and Portugal. Photographic copies of the secret writing messages were prepared by the Bureau's technical laboratory and leads were set out for investiga-

tion. The arrest of Luning was largely the result of the vigorous investigative attention devoted to this case by the Bureau and its SIS representatives. At the time of his arrest Luning gave a full confession of his activities and furnished detailed information regarding what he knew of German intelligence activities in South America.

The evidence against Luning was presented to the Cuban Military Courts and he was convicted on the charge of having acted as a German espionage agent. He was sentenced to death and executed on November 10, 1942.

Luning's confession involved Carlos Robinson of Santiago, Chile, from whom he had received a communication inquiring about his radio transmitter. As a result Robinson, a Chilean citizen, was taken into custody by the Chilean authorities. It was ascertained, however, that he had been but an innocent intermediary who had acted on behalf of Alfredo Klaiber who, as has been previously mentioned, in the section on Chile, was manager of a German bank in Santiago.

Luning also implicated Antonio Lopez of Buenos Aires, Argentina. Lopez' name had been given to Luning by his superiors in Germany as an intermediary for mail. Although Lopez was never used as an intermediary he was arrested and held by the Argentine authorities.

The investigation of this case served to furnish invaluable data concerning the German espionage training system, details as to the German shortwave broadcasting code, the type of German clandestine radio construction and the methods and routes of departure from Germany used by German agents. It also produced detailed descriptions of other espionage "students" being trained in Germany and furnished numerous addresses of intelligence interest throughout South America. It likewise furnished positive proof that certain Latin American diplomats in Europe were indiscriminately furnishing passports to foreigners for a price. Finally, the Luning case served to instill respect in the law enforcement agencies of Latin America for the intelligence and censorship services of the Allies. (65-44610)

b. Japanese Activities

The Japanese in Cuba did not constitute a serious threat to Hemispheric defense due to their small numbers and the fact that the most important Japanese nationals were immobilized by internment shortly after the opening of hostilities.

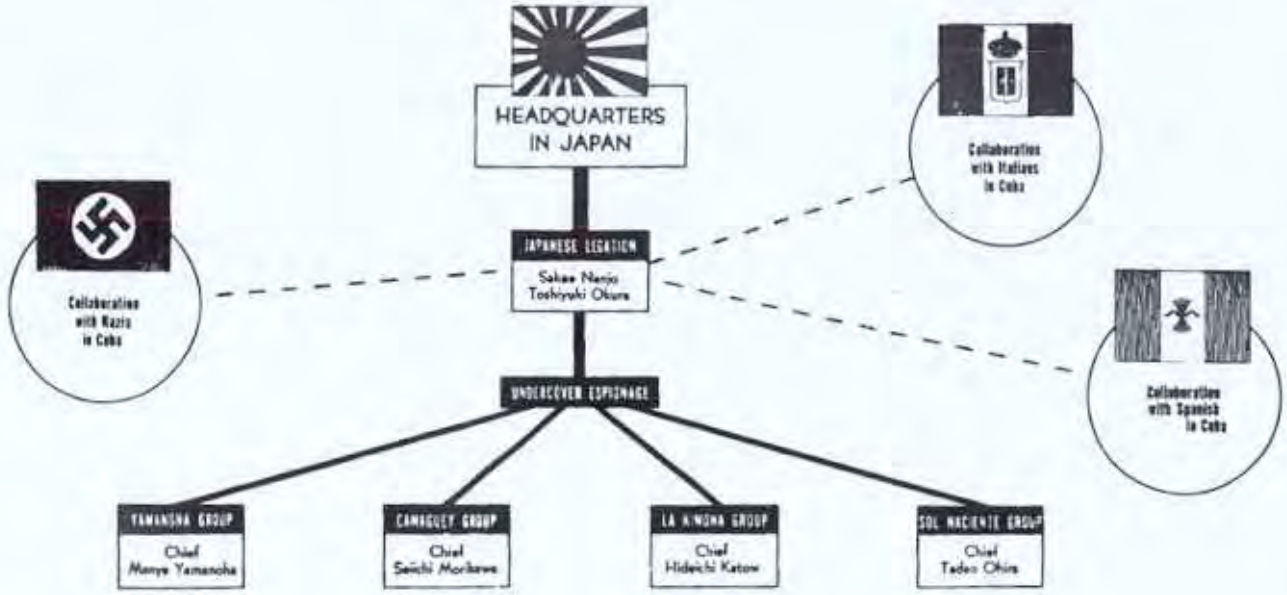
The last census prior to the war showed that the Japanese population in Cuba totaled 798. The majority of these individuals came from the lower classes and were engaged in agricultural pursuits in scattered areas throughout the republic.

SECRET

REPUBLIC OF CUBA

Organization of

JAPANESE ESPIONAGE AND PROPAGANDA IN CUBA



Sakae Nanjo and Toshiyuki Okura were ousted from Cuba after the declaration of war by Cuba on December 9, 1941. Under the joint United States and Cuban internment program which was put into effect on February 2, 1943, all male Japanese between the ages of 15 and 55 years were interned for the duration of the war. Seiichi Morikawa, Manye Yamanoha, Hideiche Katow and Tadeo Ohira were interned.

NOVEMBER 1945

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Japanese espionage and propaganda activities in Cuba were directed from the Japanese Legation in Havana. These activities were carried on largely through four groups known as the Yamanoha Group, the "Sol Naciente" (Rising Sun) Group, "La Kimona" Group, and the Camaguey Group, and through the Asociacion Japonesa de Cuba (Japanese Association of Cuba).

The Yamanoha Group operated from the home of Manye Yamanoha in Havana. This individual maintained contact with the Japanese Legation, the Italian, Japanese, and German leaders in Havana, and the leaders of the Spanish Falange. Meetings were held in his home prior to the declaration of war between Cuba and Japan at which many of the Germans most strongly suspected of engaging in Nazi activities were present. After the war declaration these meetings were no longer held openly, but espionage suspects continued to frequent the house.

Manye's wife, Elizabeth Karbe de Yamanoha, is a German. She was intimately associated with many Germans in Havana who were pro-Nazi. Their daughter, Maria Yamanoha, was a member of the Hitler Youth in Havana and also the Compania de Arte Ascenicon Italiano Grupo Cultural Artistico, an organization headed by Prince Camilo Ruspoli and Amando Barletta, leaders of Fascist activities in Cuba. All three Yamanohas, as well as most of the persons who frequented their home, were interned by the Cuban Government.

The "Sol Naciente" Group operated from the firm of that name in Havana. This company was managed by Tadao Ohira and Hugo Rinzo Ohira. Both of these individuals maintained contact with the Japanese Legation and with the groups centering around the Yamanoha family and "La Kimona" Group. They were both interned by the Cuban Government.

"La Kimona" was a dyeing and cleaning establishment operated by Hideichi Katow. The group centering around this establishment ceased to be active after the owner of the establishment and most of the groups members were interned.

The Asociacion Japonesa de Cuba was organized among the Japanese colony in Cuba to strenghten the bonds between the Japanese in Cuba and those in the homeland, It was a center of Japanese propaganda activities until December 7, 1941, when it was dissolved by the consent of its members. (64-1208-B; 64-1204-B)

Following Pearl Harbor and the declaration of war by Cuba on the Axis on December 9, 1941, some fifty of the leading Japanese on the Island were interned for the duration of the war. The remainder were at large until February 2, 1943, at which time the joint United States-Cuban Internment Program was inaugurated and the Cuban Government ordered all Japanese males between the ages of fifteen and fifty-five apprehended and interned.

This general round-up netted some 300 aliens and by the end of the war 346 Japanese internees were confined. This program effectively eliminated Japanese activities in Cuba. Although the Bureau's SIS representatives did not participate in the internment program, the investigations made and the reports submitted by our agents were largely utilized by the Cuban and American Governments in determining which aliens should be interned. (64-26025)

c. Spanish Activities. Cuba was one of the principal countries in which the Spanish Falange was particularly active. There are almost a half million persons on the Island who were either born in Spain or are of recent Spanish background and ancestry. The situation was dangerous in that five to ten per cent of the Spanish residents were considered to be ardently pro-Nazi and that between a minimum of 10,000 and a maximum of 40,000 were members of the Falange. (Totalitarian Activities in Cuba today; p 114)

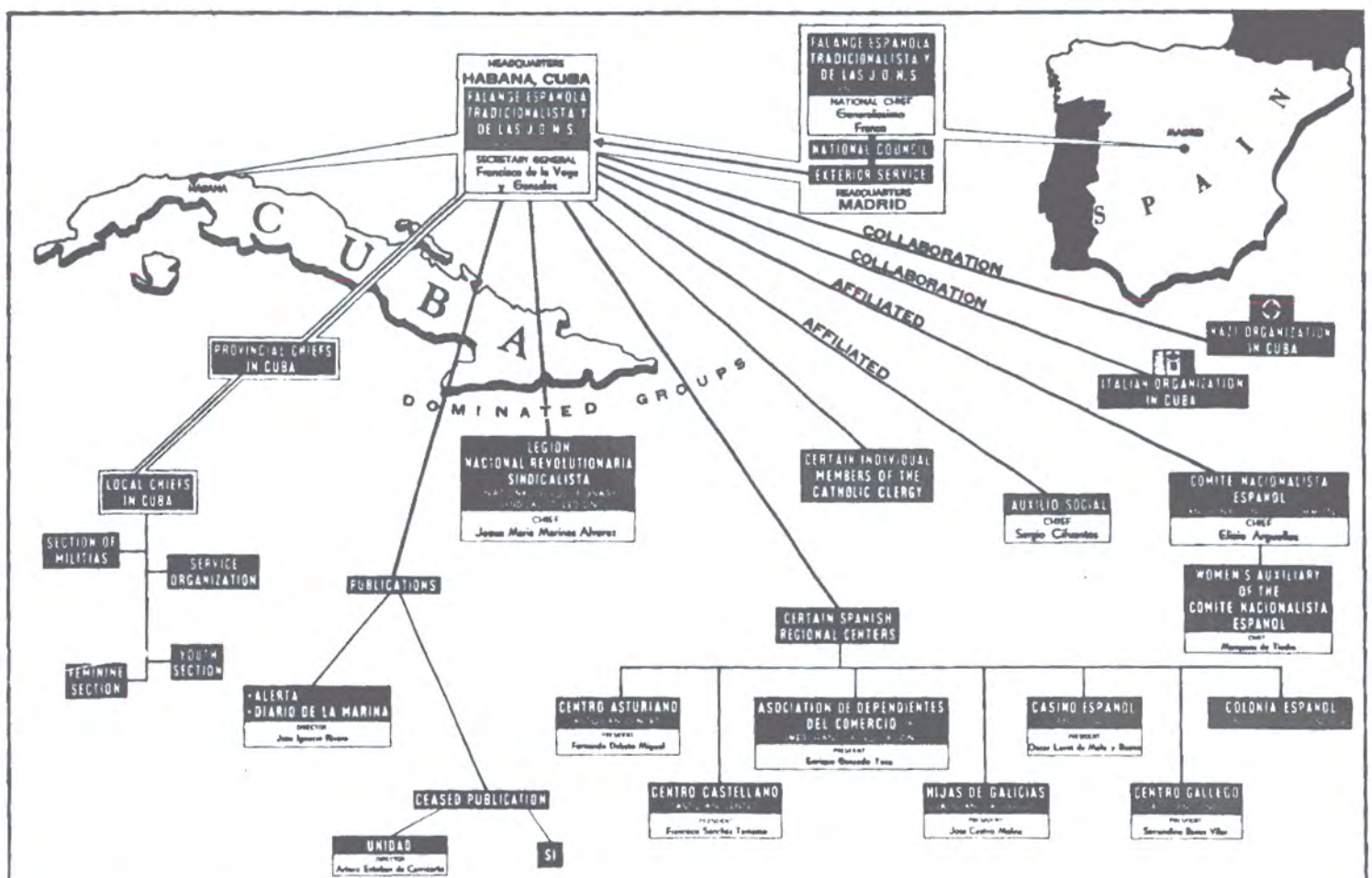
The Spanish Falange exercised an influence out of proportion with its numerical strength in Cuba. This was the result of the fact that the Falange could count among its members or their sympathizers, persons who were prominent in Cuban life. Influence was exercised in the Cuban Senate through Elicio Arguelles Menocal and Jose Manuel Casanova Divino. The movement was also represented in the press through Jose Ignacio Rivero y Alonso and Raul Maestri, the Director and Assistant Director respectively of the "Diario de la Marina," the principal newspaper of Havana. the Falange also exercised influence with the Cuban Army and Navy through former Major Juan Serra y Cardona and Navy Lieutenants Amelio del Marmol y Varona and Alfred Terry. The Spanish Falange also was influential in the Cuban courts and particularly strong pressure was brought to bear in the prosecution of various Falangists. Many of the arrests and trials of these Falangists resulted in clean bills of health being given to the persons arrested with a bar to further prosecution on the same charges.

In view of the pro-Nazi sympathies of the Falange and its influence in Cuba, it was necessary for the Bureau's SIS representatives to identify as many as possible of the individuals who were active in this movement. Following the illegalization of the Falange in February, 1942, the Legal Attache's office in Havana investigated 175 cases involving Falangists who had gone underground. Prosecutions of Falangists in the Cuban courts were not successful in view of the tremendous influence brought to bear on behalf of the defendants by wealthy members or sympathizers of the organization. Investigations conducted by the Bureau's representatives and action taken by the Cuban courts together with aroused public opinion, however, forced the Falange to confine its activities to underground operations. ("Totalitarian Activities in Cuba Today", pp 137-184;64-186-210)

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REPUBLIC OF CUBA

SPANISH FALANGE ORGANIZATION IN CUBA



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d. Communist Movement

(1) Local Communist Activities. The Communist Party in Cuba was undoubtedly the strongest and most influential Communist group in Latin America. It was financially secure, had powerful propaganda media in its newspapers, radio stations, and public houses, and had well grounded Marxist leaders who were active in molding Communist policy in nearby countries. The Cuban Communists were also in close touch with the Communist Party in the United States.

The strategic locality of Cuba in the Western Hemisphere made that country a logical connecting link between the United States and South America. The firm hold which the Communists have gained in Cuba made it vitally necessary for the American Government to be well informed regarding the identities and activities of the principal Cuban Communists.

The Cuban Communist Party was first organized in 1925, at which time the Communist elements joined forces with various labor groups and began to seek influence through the medium of Cuban labor organizations. In its early years the Party was outlawed by the Government and was forced to operate underground. This period saw concerted activity among the Communist organizers and shock troops and the Party's progress was marked by strikes, violence, and political maneuvering.

Although the ostensible leaders of the party were Blas Roca, Juan Marinello, and Lazaro Pena, the most influential figure was Fabio Grobart, alias Abraham Sinovich, who was said to actually direct the operations of the Cuban Communists. It was reported that prior to 1933, Grobart was a paid agent of the Soviet Union under instructions to establish Communism in Cuba. After the legalization of the Party and the removal of the necessity for secrecy, Grobart emerged as the real chief and director of the Communist Party whose leaders have been said to obey his orders without question.

In January, 1944, the name of the Communist Party was changed to Popular Socialist Party in an effort to increase its influence and expand its membership on a broader basis than had been possible under the classic type Communist Party. It then became an even more forceful influence in the fields of labor and politics. During the latter part of the administration of President Batista, the Communists formed an integral part of the coalition government and Juan Marinello, the titular head of the Party, was a member of President Batista's cabinet. In exchange for Party support, the Batista Government granted the Communists concessions of many sorts.

In the June, 1944, presidential elections, the Communists supported Batista's hand-picked candidate, Carlos Saladrigas. When the candidate of the opposition group, Ramon Grau San Martin, won the election, the Communists soon formed a coalition with him in order not to lose the advantages which they had gained under the Batista regime. By the time the SIS program in Cuba was abandoned, the Communists had been able to continue their activities virtually unhampered by the government.

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Enlargement Showing Detail of Button



Actual Size of Button

IDENTIFICATION BUTTON OF THE POPULAR SOCIALIST PARTY, THE COMMUNIST PARTY ORGANIZATION IN CUBA.

JANUARY 1946

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384

Through the medium of newspapers and other publications and through their radio broadcasts, the Communist Party carried on intensive propaganda activity. The "Editoral Paginas", a Communist bookshop in Havana, carried a complete line of Communist literature which was supplied to individuals and organizations not only in Cuba but throughout Latin America. The Communist newspaper "Hoy" appeared daily and was considered by the Communists to be one of the Party's most powerful propaganda outlets. In March, 1943, the Communist Party purchased a powerful radio station "Mil Diez" for $100,000 and offered the listeners programs of attractive musical presentations by highly paid artists, news broadcasts emphasizing Russian items, and well done dramatic presentations containing Communist propaganda. During the summer of 1946 the party purchased a second radio station, CMHM, in Cienfuegos. It was reportedly the Party's intention to purchase other stations in Cuba and to eventually form a Caribbean network.

Blas Roca, the Secretary General of the Popular Socialist Party, published a book entitled, "The Fundamentals of Socialism in Cuba." This book was heralded by Party leaders as an outstanding document for the study and qualification of Party militants. This book has been considered by the Cuban Communists to rank alongside the "History of the Communist Party (b) of the U.S.S.R." in importance.

The installation of the Soviet diplomatic mission in Havana during July, 1943, gave decided impetus to Communist Party activities in Cuba. The Soviet Legation injected itself into Communist Party activities through contacts with Communist front organizations, and it was learned by SIS representatives that Soviet diplomatic personnel on occasion counseled the Party in the adoption of certain tactics and policies.

The Communists penetrated and dominated numerous "front" groups in Cuba. The labor movement was dominated by the Communists through the powerful Confederation of Cuban Workers which, prior to the termination of the SIS program, consistently followed a policy identical with the Communist Party line. During that period the Cuban Ministry of Labor was also totally dominated by Communist militants. By June, 1946, the Popular Socialist Party claimed a membership of 151,921 of which 87,223 had been issued membership carnets and 37,569 paid dues regularly. Only 14,000 of these persons, however, were considered to be Party "militants."

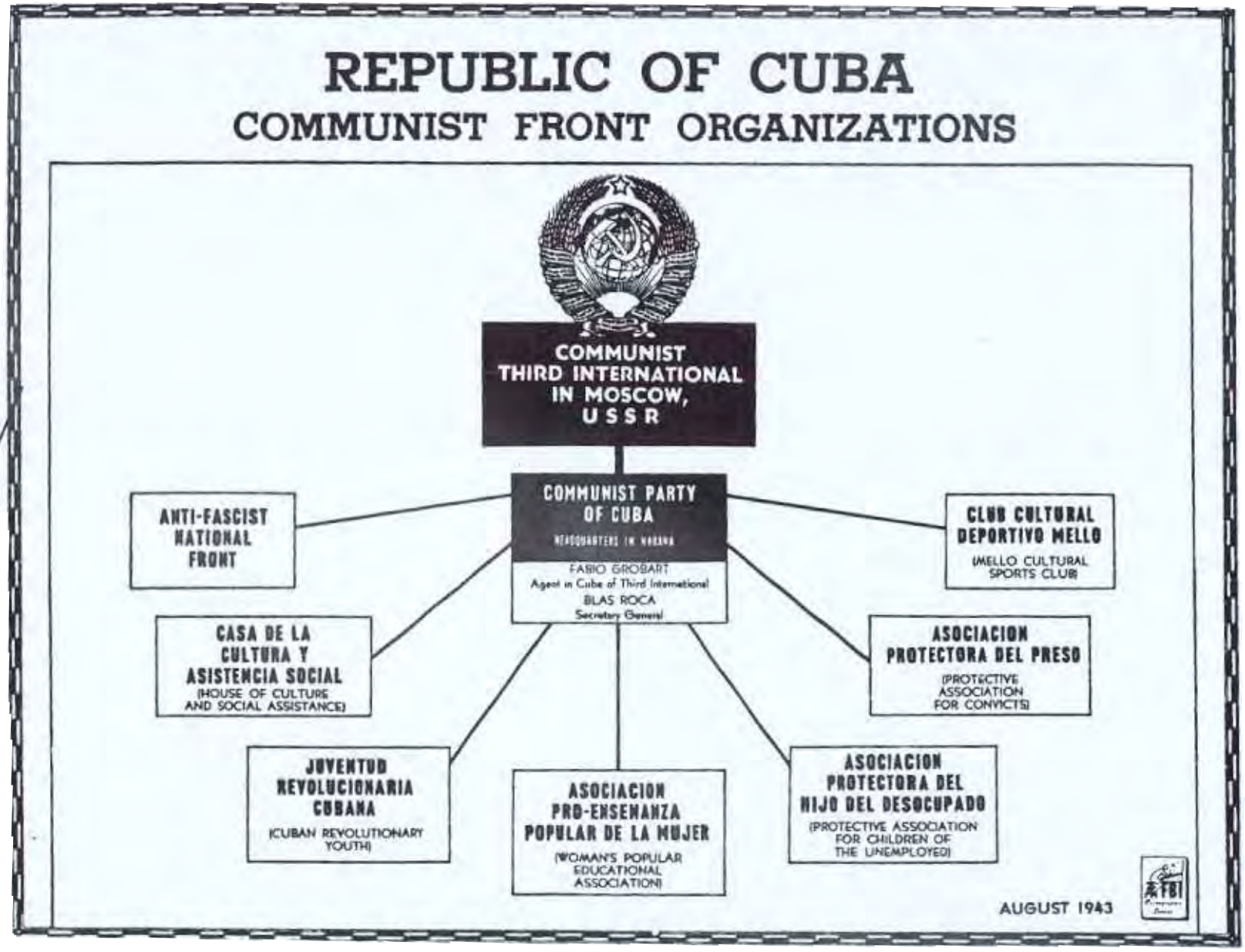
SIS coverage of Communist activities in Cuba was highly successful in spite of the fact that during most of the time these investigations had to be carried out in the face of the patronizing attitude and official support of the Cuban Government for the Communist Party. ("Communism in Cuba"; 64-200-210)

Communist investigations were also made more difficult by the fact that after December, 1945, the Communists constantly and violently attacked the Bureau as a "reactionary" organization interfering in Latin American policies. Groundless charges of this nature indicated that apparently the Communists had been able to secure but little information regarding the Bureau'

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REPUBLIC OF CUBA

COMMUNIST FRONT ORGANIZATIONS



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SIS operations. (64-200-210-285 to 324, 332, 334, 340X)

Through excellent police cooperation and informant and technical coverage the Legal Attache's Office received detailed information concerning all important Communist Party activities and meetings. Close attention was given by the Bureau's representatives in Cuba, as well as in other Latin American countries, to the travels of Juan Marinello, Blas Roca, Nicholas Guillen and other Cuban Communist leaders who have traveled throughout the continent assisting the other Communist Parties in matters of organization, policy, and plans.

Considerable attention was afforded the Confederation of Workers of Cuba which was dominated by the Communists and which, through strike threats, extorted large amounts of money from fearful Cuban industrialists. (64-24773)

As an example of the extent to which police contacts were of value in completing Communist coverage, it may be noted that through the assistance of Dr. Israel Castellanos, the Director of the National Bureau of Identification of the Cuban Government, access was had to the official list of the Communists and Communist voters in Cuba. These registration lists were compiled during the June, 1944, elections showing that the Communist registration for all provinces totaled 122,283. From the names, descriptions, and thumb prints available, Dr. Castellanos was in a position to produce fingerprint and other records on file for those Communist registrants who had criminal records, who were members of the Cuban Army and Navy, who had received permits to carry guns, or who had been naturalized as Cuban citizens. (64-200-210-142)

Officials in the United States Embassy in Havana were greatly interested in following the Communist movement in Cuba and relied on the Legal Attache's office to keep them advised of current developments. The Bureau's representatives kept the Ambassador promptly informed by memoranda of the important happenings in the Communist movement. On occasion the Embassy officials requested specific information concerning Communism and on October 1, 1945, the Legal Attache furnished the Ambassador a fifty page memorandum summarizing the Communist movement in Cuba which had been prepared at the latter's suggestion. (64-200-210-242,246)

The report prepared by one of the Bureau's representatives covering the Third National Assembly of the Popular Socialists Party in January, 1946, was particularly singled out by an Embassy official as being of extreme interes and value. This Assembly of the Communists was held from January 24 to January 28, 1946, and was preceeded by a series of secret meetings held by the Cuban Party leaders and William Z. Foster, National Chairman of the Communist Party of the United States. Through regular informant coverage the Bureau's representatives ascertained that the purpose of these secret meetings was to change the Party line in Cuba and in this connection Foster forced his position in reference to the errors of Browder's "revisionism" on the Cuban

leaders. As a result Blas Roca, the Secretary General of the Party, was forced to admit publicly in his first address to the assembly that such errors had been made by the Cuban Communists and that the fault was entirely his. This type of information developed by the Bureau's representatives through their extensive Communist coverage was of great value to the Embassy in Havana and the State Department. (64-200-210-353)

(2) Soviet Diplomatic Activities. Although the Cuban Government officially recognized the Soviet Union in October, 1942, it was not until April, 1943, that Maxim Litvinoff presented his credentials as the first accredited Russian representative to Cuba. By March, 1944, there were twenty-five persons on the staff of the Soviet Legation in Havana including the Press Attache, who was active in disseminating Russian propaganda. The size of the Soviet Legation staff in Havana, which was out of proportion with the ostensible Russian interest in Cuba, was considered to be a good indication of the importance with which the Soviets regarded that Island. (64-211-210)

The Bureau's SIS representatives followed closely the activities of the Soviet Legation. Through excellent sources, information was received covering the Legation's financial transactions and the movement of Soviet couriers, as well as the Legation's interest in the Cuban Communist movement. As has been previously indicated, Soviet diplomatic personnel advised the Cuban Communists in the adoption of certain tactics and policies. The Legation also assisted in financing the Communists weekly magazine "Tiempo en Cuba" and arranged for the Jewish Communist paper "La Palabra Hebrea" to receive free news service via Press Wireless from Moscow. It was also reported that the Legation furnished Russian and Communist literature to the Communist bookstore "Editoral Paginas." The Soviets further endeavored to extend their influence in Cuba through such front organizations as the Cuban Soviet Cultural Institute.

In December, 1946, the Soviet Charge d'Affaires arrived in Havana from Montevideo and apparently inaugurated a check-up among Legation personnel. Following his arrival nearly the entire Legation staff was changed, although there had been no appreciable changes in policy when SIS operations closed on April 4, 1947.

Information was also developed by the Bureau's representatives that the Soviets were developing an intelligence system in that country. According to this information Lucio Losa Gonzalez, a Spanish Communist, and Palko Lukas Burath, a Hungarian Communist, collected information for the use of the Soviet Legation. There were also indications that certain Jewish Communists in Cuba were attempting to gather information allegedly for the use of that Legation. One of these, Marcus Ruthkievich, was known to be a close contact of Fabio Grobart, the unofficial head of the Cuban Communists. Ruthkievich was known to identify himself as "Number 800" when contacting Grobart, and it appeared that the two were endeavoring to obtain information regarding the taking of photographs by invisible rays. Through SIS sources which were able to furnish this type of information, the Embassy in Havana and the State Department were kept appraised of the unpublicized activities of the Soviet Legation. (64-211-210; "Communism in Cuba")

e. Joint Cuban-American Internment Program.

In February, 1943, the American and Cuban Governments worked out a Joint Internment Program whereby the Cubans would intern enemy aliens and other individuals deemed dangerous to the security of the Hemisphere. The costs of maintaining these individuals in concentration camps were defrayed in part by the United States. In return the American Government through the Embassy in Havana and the Alien Enemy Control Unit of the Department of Justice participated in the selection of individuals to be interned and had the right to inspect the internment camps to see to it that the internees were treated according to predetermined standards. (64-26025; 64-1208)

The Bureau and its SIS representatives did not participate in this internment program and had no responsibility for its conduct. The duties of the Legal Attache's Office were limited in this matter to the submission of information regarding the activities of suspected pro-Axis individuals, and the decision regarding their internment was left up to the Embassy and the Alien Enemy Control Unit. Through Police contacts, however, the Bureau's representatives were able to secure copies of the fingerprints of all of the internees for a check through the records of the Identification Division. (64-26025-4X)

As a result the confinements made in connection with this program and the internments ordered by the Cuban Government after the opening of hostilities, some 547 individuals were interned in Cuba. From this total 16 individuals were subsequently exchanged with enemy countries, 25 were placed on liberty, and 8 died. As of March 11, 1945, there were still 498 persons interned in Cuban concentration camps.

The following figures were furnished regarding the 498 individuals interned.

		Total
Concentration camp for men		
White men	133	
Japanese	342	
		475
Concentration camp for women		
Women	17	
		17
Havana Jail or Sick		
White men	5	
Japanese	1	
		6
		498

(64-26025-10)

Apart from the individual Japanese, SIS reports were furnished on most of these internees.

f. Travel Control Program.

Since Cuba is close to the United States and Cuban visas were easy to obtain, there were many questionable individuals arriving in Cuba from Europe and South America throughout the war with the hope of eventually entering the United States. The relative ease with which passengers could travel directly from Cuba to Mexico presented a situation which logically required a check of persons initiating international travel in Cuba. The Nazi persecution of persons in Europe brought about the entrance into Cuba of a great many refugees. This gave rise to a large and remunerative business in Cuba in the handling of illegal traffic of European immigrants. This illicit business enriched many Cuban politicians and government officials. The three principal operators of this type of business in Havana were Oscar Adriano de la Caridad Cainas Milanes, Arnold Spatz, and Aaron Henry Fromer.

Since many of the Europeans arriving in Cuba hoped to enter the United States, most of the individuals engaged in the illicit traffic of refugees in Cuba maintained contact with similar individuals in the United States who endeavored to obtain American visas for their clients.

An example of the usual case of handling the entrance of a European refugee into Cuba was as follows: A person living in Europe who desired to arrange the transportation of a refugee from Europe to Cuba got in touch with an individual such as Aaron Fromer. He in turn communicated with his contact in the travel agency in Lisbon or Madrid who made arrangements with the main office of Garcia and Diaz, the agents for the Spanish Trans-atlantic Steamship Line, to accept the passage of the refugee from Europe to Havana. When this was accomplished the main office of Garcia and Diaz cabled its Cuban branch that it was permissible to accept Fromer's money for the passage of the refugee. The minimum charge for the passage was $375. For his services Fromer received $100 which he charged whether or not he successfully arranged the passage. The steamship company countenanced this procedure because its representative who made the arrangements for the passage received certain fees for his actions in the matter. In a legitimate deal, a refugee in order to get into Cuba had to deposit $500 with the Cuban Immigration Department and $2000 had to be deposited in a bank as a safeguard against the refugee's becoming a public charge. The $2000 deposit was avoided by Fromer by merely obtaining a letter from a bank stating that such a deposit had been made. Fromer secured these letters from the Banco Nunez in Havana at a cost of approximately $225 each. The lawyer's fee for obtaining immigrant's visa was approximately $150. Fromer received approximately $850 to cover his fee, cable expenses, immigration bond, and the above-mentioned bank and visa fees. This was the minimum charge, but the cost in certain cases was more depending upon the difficulties incurred.

The business handled by Fromer can best be explained by outlining a specific case. In June, 1940, Fromer was put in touch with Bruno Dickmann by Leo Taub, a New York lawyer handling refugee matters. Dickmann, at that time, was in Panama accompanied by Alexander Hermann, a German who had a visa for Chile, but who could not use it because the Chilean Government was not then permitting the entrance of Europeans. On July 3, 1940, Fromer contacted Dickmann and Hermann in Panama and took them to Managua, Nicaragua,

where he obtained for Hermann Honduran citizenship papers, a diplomatic passport, and an appointment as Honorary Consul of Honduras in Havana. All of these papers were obtained in spite of the fact that Hermannhad never been in Honduras and could not speak Spanish. Fromer then took Dickmann and Hermann to Havana where they gained entrance into Cuba without further difficulty. ("Totalitarian Activities in Cuba Today" pp 78-80)

In view of this situation, it was of vital importance for the American Government to obtain information regarding the so-called refugees and other travelers arriving in Cuba. As a result of the excellent cooperation existing between the Legal Attache's Office and officials of the Cuban National Police, the Customs, Immigration, and Port Control authorities, and the Steamship Company, the Bureau's representatives were able to effect searches, seizures, interrogations, and detentions of passengers and crew members arriving aboard the ships stopping in Cuban ports. Passengers disembarking at those ports were interrogated by Cuban authorities in cooperation with representatives of the Legal Attache's Office and the names of the passengers were checked against the records on file in the Embassy for pertinent information.

As an example of the volume of passenger traffic checked in this manner, it should be noted that the Spanish ship "MARQUES DE COMILLAS" was but one of two Spanish vessels which called every six weeks at the port of Havana. On one of its voyages in the latter part of 1944, it carried 243 passengers to Cuba. The majority of these persons remained on the Island for residential or business purposes, while the remainder were largely in transit to other Latin American countries.

In conjunction with National Police, SIS personnel interviewed all disembarking passengers in Cuba other than Cuban nationals. Complete background and passport data were obtained and an effort made to constantly develop information of intelligence value. Highly useful information concerning political affairs in Europe was made available through the interview

The Travel Control Program also resulted in developing information regarding individuals who were expected to come to the Western Hemisphere from Europe and who were pro-Axis in sympathies. The data developed through this process was forwarded to the Bureau and to the interested SIS offices in Latin America. (64-25123)

g. Cuban Political Matters.

The Legal Attache's Office in Havana also gathered information concerning political trends in Cuba which, by their nature, would influence the relations existing between the United States and Cuba and as such would effect the security of the United States. These investigations included cases pertaining to various political leaders and movements. Reports were also made available to the American Ambassador regarding members of the Cuban diplomatic corps.

The effectiveness of SIS coverage of political matters in Cuba was demonstrated by the ample evidence collected indicating that Ramon Grau San Martin would be elected president of Cuba in the elections of 1944.

Following Dr. Grau's election, the Cuban political situation continued to be highly unstable. During January, 1945, a series of bombings swept Havana. The perpetuators could not be found and Government officials claimed that these incidents were inspired by anti-Grau elements who were trying to embarrass and discredit the new government.

On March 16, 1945, the Cuban police arrested 36 men including Jose E. Pedraza, former Chief of the Cuban National Police. This group primarily represented the followers and officials of the Batista regime. The Grau Government immediately set in motion a wave of publicity stating that a "dangerous revolutionary plot" had been thwarted. SIS sources disclosed that the alleged "revolutionary plot" was merely a fictitious claim which enabled the Grau government to seize the individuals whom it regarded as dangerous. (64-1201-880,909)

Between the time Dr. Grau became President of Cuba and the first of June, 1946, approximately 35 or 40 political murders were committed by revolutionary groups friendly to, or previously associated with, Dr. Grau's Administration. One of these murders, involving the death of Eugenio Lanillo, was reported by reliable SIS sources to have been connected with graft on the part of high dignitaries of the Grau regime including Paulina Alsina v de Grau, the first lady of the Republic. Juan de Cardenas, former head of the Cuban Bureau of Investigation who was reliably reported to be the murderer of Lanillo, was allowed to escape to Mexico because of his threat to expose various Grau officials. This situation was indicative of the degree of law and order maintained in Cuba during the early part of Grau's administration. (64-1201-1129,1152)

After Dr. Grau's inauguration as President, frequent rumors arose to the effect that former President Fulgencio Batista was connected with various revolutionary plots. One such revolutionary plot came to a head at 2:00 a.m. on May 17, 1946. Approximately 40 civilians armed with machine guns attempted to seize Camp Columbia, the Cuban Army headquarters located on the outskirts of Havana. The Cuban Army received advance notice of this attempt and it was suppressed. It is of interest to note that the reports from Bureau representatives in Cuba were the only ones submitted by a United States Government agency which promptly and correctly reported the attempted coup d'etat. SIS sources accurately reported that this attempt had been planned by the Cuban Revolutionary Legion "Legion Revolucionaria" and by the followers of Abelardo Manco, the revolutionary leader. Mario Salabarria, the former head of the Alien Enemy Investigative Section of the Cuban National Police, who was then the leader of the Legion Revolucionaria, was also involved. Salabarria had opposed the Grau government ever since he was removed as Chief of the Section of Investigations of Enemy Aliens for a report in which he accused several Grau government officials of graft. While many accusations were made that ex-President Batista was involved in this

attempted revolt, effective SIS coverage of political matters disclosed that Batista was not implicated in the affair thus making available to the Embassy the correct facts of the Cuban political situation and eliminating the necessity for extensive investigation by the Bureau of another one of the reports of Batista's alleged revolutionary activities most of which had been largely unfounded. (64-1201-1150)

The highlights of the political scene in Cuba were promptly and efficiently reported by the SIS representatives in Havana. The high state of fluidity of the Cuban political situation demanded constant attention to the development and maintenance of reliable informants. As a result of the effective handling of these sources of information, the Bureau's Agents in Havana were able to keep the Ambassador and the Bureau promptly advised of all the important developments.

h. Criminal Investigations.

In addition to investigations of Security Matter cases, the Bureau's representatives in Havana also followed out leads in many of the criminal cases originating in the Domestic Field. While the volume of leads in criminal cases was high, most of the important parts of the investigations were conducted by the Domestic Field and the function of the SIS agents in Cuba was to follow the Cuban angles. Several of these cases involved violation of the Selective Service Act. Inasmuch as most of these Selective Service cases involved the following of only a few leads, the turn-over in these cases was high and the Havana Office was the second of the Bureau's foreign offices in the number of these cases handled, having been exceeded only by the Mexico City Office.

In addition to these cases, the Bureau's representatives in Havana also covered leads in such important cases as the Reactivation of the Capone Gang, The Interstate Machinery Corporation Case (the Garsson-May Prosecution), and the action that subsequently lead to the deportation from Cuba of "Lucky" Luciano.

i. Relations With the Cuban Police.

As has been previously pointed out, the Bureau's representatives in Cuba maintained excellent relations with the Cuban National Police and the Cuban Government expressed its appreciation for the assistance rendered by the Bureau when it bestowed upon the Director the Order of Police Merit with the Distinctive White of the First Class Order on November 30, 1942, and by decorating Special Agent [redacted] with the Medal of Police Merit in December of the same year. b7C

Prior to the organization of the Bureau's Havana Office, the investigative facilities of the Cuban National Police were of small positive value to the wartime work of the allies. Subsequent to the establishment of the highly satisfactory liaison with the Cuban Police by the Bureau's representatives, there was a consolidation of all enemy activity investigation into one bureau of the National Police. The agents selected for this bureau of the Cuban National Police were given a course of instruction by SIS representatives. The new bureau through its coordinative functions furnished an efficient and valuable means of cooperation which was utilized by the SIS Office in Havana in connection with various investigations requiring informati

in the possession of various Cuban governmental agencies.

The close relationship which existed between SIS representatives and the Cuban Police, in practical effect, placed that organization at the Bureau's disposal in covering investigations. This arrangement permitted the handling of a tremendous volume of work with a relative small number of SIS agents, inasmuch as the Cuban police were able to cover many angles of both security and criminal investigations which were pending in the Havana Office.

One of the most notable features of this relationship was that the good will and cooperation was continued in spite of the change in Cuban police personnel which were attendant upon the inauguration of Dr. Grau's Administration. (64-29822-210)

3. Personnel

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The following Special Agents and Special Employees were assigned to SIS work in Cuba:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Havana	4/43 - 12/43	Undercover
		Havana	7/42 - 12/42	Undercover
		Santiago	9/42 - 1/44	Official
		Havana	1/44 - 9/44	Official
		Havana	7/44 - 9/44	Undercover
		Havana	7/40 - 5/43	Undercover & Official
		Havana	9/42 - 11/44	Official
		Havana	1/44 - 4/44	Undercover
		Havana	4/45 - 8/45	Undercover
		Havana	9/42 - 2/45	Undercover
		Havana	1/46 - 3/46	Undercover
		Havana	7/46 - 3/47	Undercover
		Havana	9/42 - 10/42	Official
			5/43 - 8/43	Official
		Antilla	10/42 - 5/43	Official
		Havana	6/45 - 1/46	Official
		Havana	6/44 - 8/44	Official
		Havana	9/42 - 1/45	Official
		Havana	11/41 - 7/42	Undercover
		Havana	3/46 - 6/46	Official
		Havana	9/42 - 11/43	Official
		Havana	1/46 - 4/47	Official
		Havana	6/45 - 9/45	Undercover

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NAME	SIS	CITY	DATE	ASSIGNMENT
		Havana	10/42 - 9/44	Official
		Havana	10/43 - 11/43	Official
		Havana	7/42 - 6/44	Undercover
		Havana	7/40 - 9/40	Undercover
		Havana	2/43 - 7/43	Official
		Havana	7/42 - 10/43	Legal Attache
		Havana	8/44 - 4/47	Undercover
		Havana	5/44 - 2/46	Police Liaison
		Havana	8/44 - 11/45	Police Liaison
		Havana	5/42 - 12/43	Undercover
		Havana	3/44 - 6/45	Official
		Santiago	12/41 - 7/42	Undercover
		Havana	7/46 - 5/47	Legal Attache
		Havana	5/45 - 11/45	Official
		Havana	11/42 - 5/44	Official
		Havana	5/44 - 11/44	Official
		Cienfuegos	10/42 - 4/43	Official
		Camaguey	4/43 - 1/44	Official
		Havana	1/44 - 3/44	Official
		Havana	6/45 - 4/47	Official
		Havana	7/45 - 8/46	Official
		Havana	1/43 - 3/43	Plant Survey
		Havana	7/41 - 11/41	Undercover
		Havana	1/46 - 7/46	Legal Attache
		Havana	3/46 - 3/47	Official
		Havana	8/43 - 11/43	Official
		Havana	3/43 - 3/45	Undercover
		Havana	2/43 - 11/43	Official
		Havana	11/44 - 11/45	Legal Attache
		Havana	7/42 - 12/42	Official
		Havana	2/47 - Date	Official
		Havana	2/46 - 5/47	Official
		Havana	3/45 - 9/45	Undercover
		Havana	2/42 - 12/43	Police Liaison
		Havana	11/42 - 6/45	Official
		Havana	4/46 - 5/47	Official
		Havana	12/43 - 2/45	Undercover
		Havana	11/44 - 6/46	Undercover
		Havana	12/43 - 11/44	Legal Attache
		Havana	12/42 - 1/46	Official

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64-1200-C Miscellaneous File on Italian Activities in Cuba

64-1200-D Miscellaneous File on Communist Activities in Cuba

64-1200-E Miscellaneous File on Spanish Activities in Cuba

64-1200-F Miscellaneous File on French Activities in Cuba

64-1200-G Miscellaneous File on British Activities in Cuba

64-1200-H Miscellaneous File on American Activities in Cuba

64-1200-I Miscellaneous File on Hungarian Activities in Cuba

64-1201 General File on Political Matters in Cuba

64-1202 General File on Economic Matters in Cuba

64-1203 General File on Social Matters in Cuba

64-1204 General File on Foreign Agents in Cuba

64-1204-A German Agents in Cuba

64-1204-B Japanese Agents in Cuba

64-1204-C Italian Agents in Cuba

64-1204-D Communist Agents in Cuba

64-1204-E Spanish Agents in Cuba

64-1204-F French Agents in Cuba

64-1204-G British Agents in Cuba

64-1204-I Hungarian Agents in Cuba

64-1205 General File on Foreign Propaganda in Cuba

64-1205-A German Propaganda in Cuba

64-1205-B Japanese Propaganda in Cuba

64-1205-C Italian Propaganda in Cuba

64-1205-D Communist Propaganda in Cuba

64-1205-E Spanish Propaganda in Cuba

64-1205-F French Propaganda in Cuba

64-1205-G British Propaganda in Cuba

64-1205-H American Propaganda in Cuba

64-1205-L Swedish Propaganda in Cuba

64-1206 General File on Foreign Penetration in Cuba

64-1206-A German Penetration in Cuba

64-1206-B Japanese Penetration in Cuba

64-1206-C Italian Penetration in Cuba

64-1206-D Communist Penetration in Cuba

64-1206-E Spanish Penetration in Cuba

64-1207 General File on Sabotage in Cuba

64-1207-A German Sabotage in Cuba

64-1207-B Japanese Sabotage in Cuba

64-1207-C Italian Sabotage in Cuba

64-1207-D Communist Sabotage in Cuba

64-1207-E Spanish Sabotage in Cuba

64-1207-F French Sabotage in Cuba

64-1208 General File on Foreign Residents in Cuba

64-1208-A German Residents in Cuba

64-1208-B Japanese Residents in Cuba

64-1208-C Italian Residents in Cuba

64-1208-D Communist Residents in Cuba

64-1208-F French Residents in Cuba

64-1208-G British Residents in Cuba

64-1208-H American Residents in Cuba

64-1208-I Hungarian Residents in Cuba

64-1208-K Swiss Residents in Cuba

64-1208-J Rumanian Residents in Cuba

64-1210 General File on Military and Naval Matters in Cuba

64-1211 General File on Foreign Firms in Cuba

64-1211-A German Firms in Cuba

64-1211-D Communist Firms in Cuba

64-1211-E Spanish Firms in Cuba

64-1211-F French Firms in Cuba

64-1212 General File on Radio Stations in Cuba

64-1212-A German Radio Stations in Cuba

64-1212-B Japanese Radio Stations in Cuba

64-1212-E Spanish Radio Stations in Cuba

64-1214 General File on Submarine Activities in Cuba

64-1214-A German Submarine Activities in Cuba

64-1215 General File on Telephone Surveillances in Cuba

64-1215-F French Telephone Surveillances in Cuba

64-1216 General File on Plant Surveys in Cuba

64-200-210 Communist Party of Cuba, aka. Popular Socialist Party

64-211-210 Soviet Diplomatic Activities in Cuba

64-309-10 Smuggling Activities in Cuba

65-44610 Heinz August Luning Espionage Case

64-186-210 Spanish Falange in Cuba

65-691 George Yakichi Osawa Espionage Case

64-29833-210 Police Matters in Cuba

100-34561-210 Labor Conditions in Cuba

64-24773 Confederations of Workers in Cuba

64-25123 Foreign Travel Control in Latin America

64-2605 Internment Program in Cuba

b. Administrative Files

64-64-61 General Office Administrative File for Cuba

64-4984-210 Office Monthly Reports from Cuba

64-4685 Post Reports on Living Conditions in Cuba

67-383654 Office Personnel File for the Legal Attache's Office in Cuba filed under the caption, "Embassy, Havana, Cuba," The Inspection Reports submitted relative to this Office are filed separately.

64-4123-210 Informant File for Cuba.

c. Monographs

"Totalitarian Activities in Cuba Today" - General monograph on various phases of the Bureau's work in Cuba. Published August, 1943; 316 pages.

"Communism in Cuba" - Specific monograph on Communism and Labor in Cuba. Published July, 1946; 142 pages.

"Communist Movement in Latin America" - General monograph covering Communism in Latin America treated on Hemispheric basis. Page 30 deals specifically with the Cuban Communist Party. Published January, 1946.

"German Espionage in Latin America" - General monograph on the important phases of German Espionage in Latin America. Pages 195 to 197 deal with the Heinz August Luning case. Published June, 1946.

"Japanese in Latin America" - General monograph on Japanese activities in the various Republics. Pages 64 to 68 deal specifically with the Japanese in Cuba. Published November, 1945.

"SIS Office, Havana, Cuba" - Photographs of the Bureau's offices and facilities in Cuba.

K. CURACAO, NETHERLANDS WEST INDIES

1. SIS Facilities and Objectives

Curacao's strategic location in the Caribbean and proximity to Venezuela's vital oil industries has made it an important and vulnerable location. During the period of Germany's successful warfare in the Caribbean, Curacao became an important countersubmarine base.

A Special Agent of the Bureau arrived in Curacao, N.W.I., on August 24, 1944, to assume the duties of Liaison Officer with the existing Dutch Government officials and other United States Government intelligence agencies already established there. He was known as the Legal Attache connected with the Office of the United States Consul General, and effected an active and beneficial liaison relation with the Dutch and United States Military authorities. He furnished informative data concerning the production and activities of the active oil companies of Curacao and Aruba, N.W.I. Also he reported on the existing tense relations between Curacao and near-by Venezuela emphasizing the increasing overtures of the Venezuelan Government toward the populace of the N.W.I. in enabling the natives to become Venezuelan citizens for a nominal sum thus permitting them to evade Dutch Military service on the basis of their Venezuelan citizenship. The office was closed on December 20, 1945. (66-16292)

2. Major Accomplishments

During the relatively short time that the Bureau maintained coverage in Curacao it was possible for the Legal Attache to cover in addition to the above, many leads in German matters and to check numerous reports of submarine activities in that area as well as to determine in reality what a small influence the Germans had in the area, particularly in the oil industries.

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3. Personnel

NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]	[redacted]	Curacao	8/44 - 12/45	Official

4. Bibliography

66-16292 Office Administrative File for Legal Attache's Office, Curacao, N.W.I.

64-4984-298 Office Monthly Reports for Legal Attache's Office, Curacao, N.W.I.

67-393165 Office Personnel File for Legal Attache's Office filed under, "Curacao, Netherlands West Indies."

64-29833 Police Matters in Curacao

L. DOMINICAN REPUBLIC

1. SIS Facilities and Objectives

SIS coverage of the Dominican Republic began in November 1941 with the assignment of one undercover agent to that country to determine the extent of Axis activities. A Legal Attache was later appointed and an office was opened in connection with the U. S. Embassy, located in Trujillo City from which the activities of the Bureau were conducted. Peak coverage in the Dominican Republic was attained in June of 1943 at which time four agents were assigned to the country. This number had been reduced to one by July, 1946, at which time it was decided to close the office. (64-4503)

Due to the strategic location of the Dominican Republic, it was deemed necessary that Bureau coverage be established and maintained in order to determine Axis activities which existed or which might have come into existence. A number of rumors had reached the Bureau to the effect that President Trujillo held pro-Axis sympathies.

2. Major Accomplishments

a. Internal Political Trends

During the period of SIS coverage, Dominican Republic political leaders living in exile plotted the overthrow of the Trujillo government. Extensive coverage by SIS informants in the Caribbean area, who were connected with the revolutionary elements, enabled the Bureau to carefully follow developments and coup d'etat efforts. The revolutionary factions in opposition to President Rafael Leonidas Trujillo did not seem to possess sufficient strength to engage in any positive action against Trujillo. Trujillo apparently maintained effective control of the Dominican Republic and reports of suppression of dissident elements within the country by various measures, including murder, were reported to the Bureau.

The United States State Department was interested in denying the sale of arms to either the Dominican Republic or its sister country of Haiti because it was considered likely that the availability of arms to either country would result in bloodshed,

revolution or war. Through Bureau representatives in the Dominican Republic and the other Latin American countries the Bureau was able to report information of interest concerning the efforts of Colonel Rodolfo Bosch (Pearson), Inspector General of the Dominican Army, and Salvador Cobian (Parra) to obtain arms for the Dominican Republic in Brazil, Argentina and Chile. It was ascertained that the Dominican corvette, the SS "COLON" arrived at Rio de Janeiro, Brazil, on March 30, 1946, and was loaded with arms and ammunition destined for the Dominican Republic. Bureau observers noted that this ship was loaded with 300 cases of rifles and 1200 cases of ammunition and that the shipper of this consignment was listed as the Brazilian Ministry of War. Some of the cases were marked for the General Supply Headquarters of the Dominican Army. This shipment of arms reached Ciudad Trujillo in the Dominican Republic on April 25, 1946. Bureau observers in the Dominican Republic noted that Salvador Cobian (Parra), a Dominican Republic Army major also arrived with the shipment aboard the "COLON." Colonel Rodolfo Bosch who was suspected of having engineered the above deal was reported to be in Santiago, Chile, for the purpose of purchasing more munitions for the Dominican Republic. This information was promptly forwarded to the interested United States government agencies and SIS Agents continued to follow this matter until such time as the office of the Legal Attache was closed on August 16, 1946. (64-23554)

b. German Activities

German activities in the Dominican Republic were, for the most part, confined to a small amount of anti-U.S. and pro-Axis propaganda. The names of numerous individuals believed involved in such propaganda were furnished to the American Ambassador for his information. (64-1300-D; 64-1304-A)

c. Communist Activities

During December, 1943, Salustino Quintela Sarille boarded the sailing vessel "16th of August" at Ciudad Trujillo, Dominican Republic, proceeding to Progreso, Mexico. The Bureau representative, through the cooperation of the Dominican police, ascertained that immediately prior to the sailing of the vessel a Communist leader handed to Quintela various communications intended for delivery to Communists in Mexico.

As a result of the interception of the material handed to the courier Quintela, the names of various individuals were ascertained and investigation was continued to ascertain the extent of their activities in the Communist movement, particularly from an international standpoint. Among the reports which the courier was to take to Mexico were reports on conditions in Spain, obtained upon interview of passengers and crew members of Spanish vessels which had previously arrived in the Dominican Republic. The subject matter of these reports indicated a possible connection of the individuals involved with subjects of other Spanish Communist cases in the Western Hemisphere involving the activities of couriers and the use of secret writing in transmitting similar material throughout the Western Hemisphere. (64-28024)

Until November, 1945, Communist activities in the Dominican Republic had centered principally within the ranks of the Spanish refugees who arrived in the Dominican Republic in large numbers during 1939 and 1940. Numerous front organizations as well as the Spanish Communist Party flourished among this refugee element until the summer of 1944, when the Dominican Government ceased to tolerate this form of activity. Thereafter Communist activities in the Dominican Republic dwindled and there was a large scale exodus of the Spanish refugee population from the Dominican Republic to Mexico and Venezuela. Many of these Communists later proceeded to France where they worked with the Spanish Republican movement directed against Franco. (64-200 Sub 211)

Through close liaison with the Dominican police and through the development of independent Bureau sources, the Bureau's representative in the Dominican Republic was able to present a clear picture of the Communist movement in that country and to advise the American Embassies in Mexico and Venezuela of the identities and relative importance of the Spanish Communists who travelled from the Dominican Republic to those countries.

When a report was circulated in the Dominican Republic that the Syndical Communist Party of the Dominican Republic had been organized on November 11, 1945, the Legal Attache immediately developed information showing that the leader of this party was an obscure Spanish Communist who was being used by the Dominican Government to induce exiled labor leaders to return to the Dominican Republic in the belief that a free labor party had been established.

The Dominican Government also hoped that this move would minimize criticism coming from foreign countries describing Trujillo as a fascist dictator. It was established that the party actually never had any legal existence and when its leader failed in his efforts he allegedly went over to the side of the labor leaders and on January 31, 1946, he was arrested by the Dominican police.

d. Spanish Falange

Officially, the Spanish Falange in the Dominican Republic was dissolved in September, 1939. However, rumors persist to the effect that the Falange continued to exist in the Dominican Republic as an underground organization and a reliable source of information reported that secret meetings were held from time to time, although investigation did not disclose where the meetings were held. Another reliable source reported that a meeting was held during the latter part of June or the early part of July, 1943, in the branch of the Spanish Legation located at Avenida Bolivar #24, Ciudad Trujillo, Dominican Republic, attended by 56 persons including two women. This meeting was reported to have been in charge of Manuel Resumil Aragunde, who directed a discussion of various matters which included the question as to what policy was to be adopted in obtaining more members and whether such new members for the Falange should be obtained from discontented Spanish refugees. It was also reported that during the summer of 1943 Maria de Jesus Antonieta de Armenteros, one time head of the Feminine Section of the Falange in the Dominican Republic, stated privately that she had recently had contact with the Supreme chiefs of the Falange in Spain and that she had continued to deal with these Falange leaders.

On April 29, 1938, the first members of the Spanish Falange in the Dominican Republic were sworn into membership at Ciudad Trujillo. On September 23, 1938, the first members of the Falange were sworn into membership into the organization at San Pedro de Macoris. Other members were sworn in at Santiago and Barahona, Dominican Republic on November 27, 1938, and February 10, 1939, respectively. It was reported that on January 29, 1939, the Feminine Section of the Spanish Falange came into being at Ciudad Trujillo.

One source stated that the Spanish Falange was organized in this country with the object of raising money and furnishing moral support for the benefit of General Francisco Franco and his struggle in the Spanish Civil War. For the most part Falange members in the Dominican Republic were drawn from the Old Spanish Colony, individuals who had entered the country and had made modest fortunes in business ventures. It was said that since this Spanish group was composed principally of fairly well-to-do property owners, they naturally endorsed the Falange program of anti-Communism which was represented in Spanish American as being a threat to property owners. As in other Latin American countries, the organization of the Spanish Falange came about through the activities of the "Falange Exterior" in Spain which disseminated pro-Falange propaganda in Latin America and administered the affairs of the Falange organizations abroad.

In the Dominican Republic the various units of the Falange organization raised approximately the sum of $58,000, which was forwarded to Spain during the Spanish Civil War. Various meetings were held throughout the Republic, and on occasions members of the Falange appeared in uniform which was characterized by the blue shirt and crossed straps.

All of the information developed was furnished to the State Department and other interested agencies to assist in evaluating the strength of pro-Axis influences in the Dominican Republic.
(64-186-211)

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3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in the Dominican Republic:

Name	SIS	City	Date	Cover
[redacted]		Ciudad Trujillo	8/42-10/43	undercover
		Ciudad Trujillo	1/24/46-8/17/46	Legal Attache
		Ciudad Trujillo	7/42-6/43	Legal Attache
		Ciudad Trujillo	11/41-8/42	undercover
		Ciudad Trujillo	1/4/45-2/12/46	Legal Attache
		Ciudad Trujillo	5/5/43-10/11/44	Legal Attache
		Ciudad Trujillo	5/9/43-10/11/44	Legal Attache

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Name	SIS	City	Date	Cover
[redacted]		Ciudad Trujillo	4/43-11/43	undercover
		Ciudad Trujillo	10/26/44-1/11/45	Legal Attache
		Ciudad Trujillo	7/13/44-11/27/44	official

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64-1300-B General File on Japanese Activities in the Dominican Republic.

64-1300-C General File on Italian Activities in the Dominican Republic.

64-1300-D General File on Communist Activities in the Dominican Republic

64-1300-E General File on Spanish Activities in the Dominican Republic.

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64-1300-J General File on Roumanian Activities in the Dominican Republic

64-1300-N General File on Austrian Activities in the Dominican Republic.

64-1301 Political Affairs in the Dominican Republic.

64-1302 Economic Matters in the Dominican Republic.

64-1303 Social Matters in the Dominican Republic.

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64-1305-H American Propaganda in the Dominican Republic.

64-1306 General File on Foreign Penetration in the Dominican Republic.

64-1306-A German Penetration in the Dominican Republic.

64-1306-B Japanese Penetration in the Dominican Republic.

64-1306-C Italian Penetration in the Dominican Republic.

64-1306-E Spanish Penetration in the Dominican Republic.

64-1307 Sabotage in Dominican Republic.

64-1308 General File on Foreign Residents in the Dominican Republic.

64-1308-A German Residents in the Dominican Republic.

64-1308-B Japanese Residents in the Dominican Republic.

64-1308-C Italian Residents in the Dominican Republic.

64-1308-D Communist Residents in the Dominican Republic.

64-1308-E Spanish Residents in the Dominican Republic.

64-1308-F French Residents in the Dominican Republic.

64-1308-H American Residents in the Dominican Republic.

64-1310 Military and Naval Matters in the Dominican Republic.

64-1311 General File on Foreign Firms in the Dominican Republic.

64-1311-A German Firms in the Dominican Republic.

64-1312 Radio Stations in the Dominican Republic.

64-1314 Submarine Activities in the Dominican Republic.

64-1316 Plant Surveys in the Dominican Republic.

64-200-211 Communist Party in Dominican Republic.

b. Administrative Files

64-4503 Office Administrative File for the Dominican Republic.

64-4984-211 Office Monthly Reports for the Dominican Republic.

67-383661 Office Personnel File for the Dominican Republic, filed under "Embassy, Ciudad Trujillo, Dominican Republic." The inspection reports for this office are filed separately.

64-29833-211 Police Matters in the Dominican Republic.

64-4123-211 Informant file for the Dominican Republic.

c. Monographs

"Totalitarian Activities in the Dominican Republic Today." General Monograph on various phases of the Bureau's work in the Dominican Republic. Published November, 1944; 118 pages.

"Japanese in Latin America." General Monograph covering Japanese activities in the countries of Latin America. Page 69 refers to the Japanese in the Dominican Republic. Published November, 1945; 179 pages.

"The Communist movement in Latin America." General Monograph covering Communism on a hemispheric basis. Page 30 deals specifically with the Communist movement in the Dominican Republic.

"SIS Office, Ciudad Trujillo, Dominican Republic." Photographs of the Bureau's facilities and offices in the Dominican Republic.

M. ECUADOR

1. SIS Facilities and Objectives

Early in 1941 a Bureau agent was located in Ecuador on temporary assignment in connection with a special mission concerning police training. As a result of his activities Carlos Arroyo del Rio, the President of Ecuador, and the State Department of the United States jointly requested the assignment of a Bureau agent to Ecuador on a permanent basis to handle the training of Ecuadorian police. Immediately upon his arrival in Ecuador the Bureau representative conferred with President Arroyo and as a result of this conference it was determined that it would be possible to devote a great deal of time to intelligence work in addition to the police training to be undertaken. This representative was assigned to the Embassy and as a result of action by Ambassador Boz Long he was designated the Legal Attache of the American Embassy. When the Ambassador notified the State Department of this title designation, it was shortly thereafter adopted in other countries and finally the State Department instructed each of its Embassies in South America to designate Bureau representatives as Legal Attaches. When the importance of the work being done by the office of the Legal Attache became apparent to the Ambassador, the Embassy requested additional personnel be furnished the office in order that its activities could be expanded.

Within one year the office changed from one agent with a borrowed typewriter to a well equipped office similar to one of the Bureau's smaller Field Offices. The photostat machine and facilities of the Bureau Office were the only ones available in Ecuador. A Bureau radio station was installed in a penthouse on the third floor of the Embassy building in a very advantageous position and its contacts with the Bureau were always clear and powerful. This station originally operated under oral permission from President Arroyo inasmuch as any such station was illegal in Ecuador which prohibits the transmission of any messages in telegraphic code. This permission was reduced to writing by the Minister of Public Works although the location and operation of the station was unknown to nearly all of the high government officials. Space was reserved for this station even though several other missions and official Embassy personnel could not be housed and the Embassy always permitted complete freedom in the operation of this station and at no time questioned Bureau representatives as to the manner or frequency of its use. The value of this station became apparent when, during the revolutionary movement of May 1944, it was the only contact between Quito and the outside world. At that time it was the only means of rapid communication available to the Ambassador and the Military and Naval Attaches as well as to the Bureau's representatives. (64-4291; 80-646-212; 64-3300-565)

Peak coverage in Ecuador was reached during July and August, 1943, when sixteen agents were assigned to the country. This total had been reduced to seven agents by July, 1946, when the final closing of the office was started. The office was closed on March 12, 1947. (64-4291)

2. Major Accomplishments

a. German Activities

The representative who was sent to Quito, Ecuador, in December of 1941 to aid the Ecuadorian Government in police training work and to keep a close watch on totalitarian activities there, became so well versed in the latter that the Ecuadorian Government temporarily forgot the original purpose for which the representative had been assigned there, and frequently called upon him for suggestions in regard to handling totalitarian activities. Before long, President Carlos Arroyo del Rio, in order to have someone connected with the Government who understood totalitarian and subversive activities, more or less made the representative a member of his cabinet by issuing to him an authorization form addressed to all officials - civil, military, and police, notifying them that he was the adviser to the Ecuadorian Government on totalitarian and subversive activities, and that problems of that nature should be discussed with him. This placed the SIS representative in a position to obtain a wealth of information and to suggest internment policies, means, procedures, and sites of internment.

The Minister of Government, Aguilar Vasquez, frequently requested conferences with Bureau personnel concerning matters pertaining to the treatment of Axis nationals and other technical matters. It should be noted that the Minister of Government is the ranking official in the Ecuadorian Cabinet and his decisions were responsible for nearly all of the steps taken against Axis nationals. (64-3304-A)

Colonel Hector Salgado, Chief of the Carabineros of Ecuador, was developed as a most valuable contact. Through his assistance it was possible to arrange for the detention of dangerous Axis nationals at which time they would be questioned thoroughly by Colonel Salgado or his assistants and the information made available to Bureau representatives. In January, 1943 Colonel Salgado came to the United States at the invitation of the Bureau for the purpose of acquiring training and an insight to methods employed by the Bureau in crime prevention, espionage, and sabotage investigations. Salgado spent eighty-two days in the United States and upon returning to Ecuador highly praised the efficiency and organization of the Bureau. (64-20676)

The investigative efforts of the Bureau in Ecuador during the early months of 1942 consisted principally in the determination of the Nazi setup in Ecuador and the collection of general intelligence information concerning Nazi leaders and followers. Both the Naval and Military Attaches had been conducting work of this nature since 1938 and their files proved to be a starting place for the Bureau's activity. (64-3300-A)

In March, 1942 the State Department advised that boats would be sent to the West Coast of South America in the near future to repatriate dangerous Axis nationals and in the next few months extensive investigation was carried out by our office in connection with these repatriations. From this time all relations became extremely close between the Office of

Seguridad and the Office of the Legal Attache in the preparation of lists of persons whose expulsion was desired. At the same time representatives from the Bureau office and from the Embassy were in daily conference with the Office of Foreign Relations and as a result of these various contacts practically dictated the list of persons who were expelled on each boat.

On the "STOLIN" which sailed from Guayaquil, April 7, 1942, were 38 Germans and 10 Japanese, 42 of whom were considered dangerous. Ten days later on the first sailing of the "ACADIA," April 17, 1942, there were deported 224 Axis nationals including officials who, with their families numbered 58, the majority of whom were undesirable. Subsequent to the first sailing of the "ACADIA" the list of undesirables in Ecuador was completely revamped in daily conferences with numerous sources of information and when the same boat returned on May 8, 1942, an additional list of 118 Germans including their families had been prepared. Representatives of the Bureau office were in complete charge of these embarkations and arrangements were made for the deportees' finger impressions to be taken aboard ship at the time of their departure. Through the Identification Section comparisons were thereafter made and it was determined that in each instance the persons designated actually departed and no substitutions had been made. (64-3304) (64-3308-8)

When the time came for deporting the 389 interned Axis nationals, our representative, who was a quasi-official of the Ecuadorian Government, had a free hand. It was so free that the Spanish Minister who handled the affairs of the Axis nationals complained in a letter to the Spanish Foreign Minister in Spain that in reality, the United States was expelling the Axis nationals and not the Ecuadorian Government, that events had reached the tragic state when within a short time of the sailing hour for the Axis nationals, the President's representatives turned to our representative and asked were there any others he desired to have deported.

Our office was successful in obtaining the movement of scores of Axis nationals away from the West Coast of Ecuador where they could be especially dangerous in the event submarine warfare ever began on a large scale in that area. In January of 1942 the Santa Elena peninsula which contained the United States base at Salinas was declared a military zone and scores of Axis nationals were forced to leave that section and to reside inland.

In September of 1942 most of the important Nazis of Manta were ordered to leave that coast town and go inland. They were all employees of the largest German firm in Ecuador, Casa Tagua. A rumor reached the President that employees of this firm were supplying gasoline to submarines lying off the Pacific coast and he asked that his office of Seguridad investigate these rumors. It followed that the Office of the Seguridad informed the President that there was such a danger and that these persons should be removed from the coast. (64-3314-A-1)

A list of dangerous Germans residing in Guayaquil was prepared by the Office of the Legal Attache and this matter was discussed with the President by the Ambassador. The President stated that any list presented by our office would be acted upon as presented.

The Bureau was successful in obtaining action in a great many individual cases. Anneliese Unold long suspected of being a possible Nazi agent was ordered interned but after consultation with our office her internment was deferred in order that we might get information from her husband, the leading Nazi in Ambato. (64-3304-A-540)

Although many individuals considered dangerous to the security of the Western Hemisphere were removed from Ecuador during 1942 and others considered dangerous were relegated to remote areas within the country, it became apparent that activities favoring the Axis cause were continued by those individuals who were allowed to remain within the country. Investigation disclosed that German elements were receiving assistance through the German Ayuda and through the German Winter Relief Funds. This assistance was handled in southern Ecuador by Ernesto Panse, a German national who had been relegated to Cuenca, Ecuador and through Max Rueff, a German national employed in the Spanish Embassy where he was placed in charge of German affairs in Ecuador. The activities of all German elements were followed closely and, as a result of the extensive investigative endeavor in this regard, a list of individuals deemed dangerous to the security of the Republic of Ecuador was compiled by the Legal Attache for the purpose of presentation to the Government, through the Embassy, in an endeavor to effect their deportation from the country for internment in the United States. This action met with favorable results inasmuch as the Government approved the deportation of a majority of those individuals, which deportation was effected on December 30, 1943, and 44 German nationals were placed aboard the S. S. Madison at Salinas, Ecuador for removal to the United States for internment. By this action it was believed that the last remaining threat against the security of the country had been removed. Ernesto Panse and his brother, Eduard Panse, both strong sympathizers with the Nazi regime were removed as was Otto Heinrich Carstangen who managed the Otto Wolfe Oil Company which organization was believed to have assisted in espionage activities in Ecuador. (64-24184-177)

In December, 1941 the Transocean News Service was closed by order of the Ecuadorian Government. This news service was known to have been subsidized through the German Legation and [illegible] news releases were forwarded to the Transocean News Service direct from Germany. Although the operation of the News Service had ostensibly been discontinued, it was noted that two local papers in Quito carried news items which were not obtained from Allied releases. Extensive investigation revealed the clandestine operation of the Transocean News Service through Max Rueff, a German national employed in the Spanish Embassy. It was ascertained that an Ecuadorian citizen, Luis Bertulfo Rivadeneira, was receiving news releases by short wave from Germany which releases were being made available to radio operators employed by the local newspapers and subsequently released to the public of Ecuador through the

local press. When information concerning the activities of Rueff were made available to the Ecuadorian authorities he was immediately ordered expelled from the country, as a result of which he was removed to the United States where he was interned. Seven Ecuadorian nationals were involved in the clandestine operation of the Transocean News Service and upon interview admitted that their activities had been financed by Rueff. Rueff stated to the authorities that his action in operating the news service was not against Ecuador but that his activities were directed against the United States. (64-20268)

Our office also conducted considerable investigation concerning the evidence of clandestine radio stations and effected the only closing of an Ecuadorian radio station in history when the "Estacion Amazonica" was closed on June 15, 1942. A raid was made after a direct appeal to the President and a large powerful 250 watt RCA sending apparatus was found intact. It was obvious that the station had been in recent use and that a telegraph key had been used contrary to Ecuadorian law and without license. The station was housed in illegitimate surroundings and all of the equipment was covered with heavy drapes. The owner of the station was a Conservative, unfriendly to the Government. It had been operated principally by known Falangists who had been active in Nazi activities. The strength of this station would have permitted its direct communication with Germany. (64-3312; 64-3312-E-2)

An important achievement in 1943 related to activity by the Ecuadorian Government in locating and confiscating assets of Axis firms which had been concealed. This program was materially assisted by SIS representatives in Ecuador inasmuch as one of our Special Agents was appointed an honorary captain in the Carabineros by Colonel Hector Salgado. This Agent had at his disposal a troup of Carabineros who were assigned to the exclusive task of locating concealed property and assets. Great benefit was received by the Bureau as a result of this representative's activities in this regard inasmuch as it placed at his disposal documents belonging to blacklisted firms and the records of Axis nationals who were suspected of subversive and espionage activities. An example of the results of this undertaking was the instance of examination of documents belonging to Casa Tague, a blacklisted German firm, and Saice, an Italian firm, which resulted in the recovery of concealed assets in excess of two hundred thousand sucres. (64-20676-66)

b. Italian Activities

Italians in Ecuador were never well organized nor were they prominent in commercial or political activities. The majority of the Italian residents in the country were established residents for many years and made Ecuador their adopted native country. There has never been a closely knit Fascist organization. A few individuals such as Luigi Fossatti, Luigi Enrico Razzini and Piero Luigi Galloti were identified as being strong Fascist sympathizers. These individuals were removed from the country and interned in the United States. (64-3304-C) (64-24184-177)

c. Japanese Activities

The measures taken against Japanese subjects in Ecuador were unique because of the fact that there were very few of them and because the President of Ecuador seemed to have a special hatred for them. During January, 1942, 20 odd Japanese were interned at Riobamba and at the President's request a Bureau representative discussed their internment with the Governor of Riobamba and made suggestions as to the control of their activities. All of the Japanese in the country, with the exception of one, were expelled during the spring months on the "Etolin" and "Acadia" and this one Japanese earned the right to remain because of his relation to an Ecuadorian woman. Through the efforts of our office this single Japanese subject was thereafter interned at a remote settlement on the Colombian border. (64-3300-B)

After a report had been received concerning the possibility of this one Japanese participating in bacterial warfare, arrangements were made with the Minister of Government to effect a raid on his home in Maldonado (64-3304-B-43) and at a laboratory where he was formerly employed in Guayaquil. (64-3304-B-44). It was believed that this was probably the first raid on two simultaneous points made by the investigative authorities of Ecuador and the Bureau agent who proceeded to Maldonado by mule to interrogate the Japanese subject was armed with numerous documents from the Minister of Government. It is interesting to note that the Ecuadorian authorities did not trust their own provincial chiefs and that the orders carried by the Bureau agent were to be presented to the provincial chief only a few minutes prior to the time of the raid to prevent any notification or bribing. At the same time a raid was made on the laboratory in Guayaquil where this Japanese chemist had been formerly employed. (64-3304-B-43)

Although evidences were found which would indicate that the laboratory had been used for the illegal manufacture of toxins, which information proved of interest to the Minister of Government, it was found that there was no equipment in the laboratory which would have permitted its use in the preparation of fever cultures. (64-3304-B-44)

d. Communist Activities

The Communist Party which was outlawed in Ecuador by Presidential Decree in 1936 continued its activities in a clandestine manner, assisted by the advice of several leaders such as Ricardo Parader and Neptali Pacheco Leon who had studied in Russia. SIS investigations revealed that in 1942 Vicente Lombardo Toledano was invited to Ecuador for a series of speeches, as a result of which the Confederation of Workers of Ecuador was formed. This group, representing 100,000 members, or seventy-five per cent of Ecuadorian labor, was headed by Pedro Antonio Saad, who was also chief of the Communist Party and the backbone of Communist activities in Ecuador. Many of the instructions formerly received by the Party from Moscow via Argentina or Uruguay apparently now came from Mexico. In this connection, there was definite indications that Saad, a prominent labor leader, had

access to the Mexican diplomatic pouch in communicating with Lombardo Toledano on labor and political matters.

In December, 1943, the Party invited the Argentine Communist youth leader, Cesar Cascallar (Carrasco), to assist in organizing youth groups for the purpose of creating a united left front. After joining forces with the Socialists and Revolutionary Socialist Parties in an "Ecuadorian Democratic Alliance," it was instrumental in overthrowing the administration of Arroyo del Rio in the May, 1944, revolution, resulting in the reinstating of President Velasco Ibarra. During the revolution, 200 Communist laborers were able to lead 20,000 workers in Guayaquil against the Government. In return for their assistance, the Communists were permitted to operate openly with some assurance that they would be permitted to legalize the Communist Party in Ecuador by having a clause inserted into the new constitution by the National Assembly then in power. The Constitutional Assembly of ninety-two members was dominated by the Democratic Alliance, twelve of whose members were Communists. In addition, Communists were selected for the Cabinet and advisory posts of Minister of Government, Minister of Education, Sub-Comptroller of Economics and Assistant in the Press Office of the President.

Agitation of the Communists for recognition of Russia resulted in resolutions being passed both in the Cabinet and in the Assembly, urging the President to establish relations with the Soviet Union. Indications were that President Velasco Ibarra would act upon the recommendation to recognize Russia in early 1945.

In furtherance of their program, the Ecuadorian Communists received propaganda booklets from Cuba, Mexico and Russia, distributing them through Communist bookstores in principal Ecuadorian cities. They published their own semi-monthly newspaper "Adelante" and two student publications. Until August, 1944, they also made intermittent use of a small tabloid sheet. They infiltrated and dominated small "free" groups of Ecuadorian refugees. These Communist organizations, propaganda meetings and personalities, as well as the Communist influence in the constantly maneuvering Ecuadorian Government, received detailed coverage by SIS representatives.

SIS investigations reflected that from November, 1944, until February, 1945, Communist representatives to the Ecuadorian Constitutional Assembly influenced several Leftist decrees passed by this body and also managed to place in the new constitution many articles which were in accordance with Communist aims. At the closing of this Assembly on March 10, 1945, the Communist Party had suffered a considerable loss of prestige and influence in the political life of the nation. Since the majority of Communist leaders were occupied during these months in the Constitutional Assembly, Party organizational work suffered and Party progress insofar as the recruiting of new members was concerned, was at a standstill. As of March, 1945, the Communist Party's influence and power had declined from the high mark it attained in September, 1944.

In the early part of 1945, Bureau representatives determined that the Communist Party was trying to effect the establishment of diplomatic relations between Ecuador and Russia, as well as attempting to cause the severance of relations between their country and Franco Spain. Communist propaganda was being received from Russia, Cuba and Mexico and distributed through local bookstores and the Confederacion de Trabajadores de Ecuador (Workers Federation of Ecuador) was completely controlled by the Communist Party.

In the early part of 1946, indications were that the Communist Party was in its weakest condition since the revolution of May, 1944; however, they still continued to express opposition to alleged United States "imperialism" in Latin America, especially with regard to their opposition of the lease of the Galapagos Islands by Ecuador to the United States.

By early 1947 the Communist Party of Ecuador had become one of the weakest and most ineffective in the Western Hemisphere, according to Bureau coverage close to the Party. It had no newspaper or propaganda medium and depended on its control of labor for its existence.

During July and August, 1946, it planned unsuccessfully to overthrow the Velasco-Ibarra Government and sought liberal and leftist coalition support, although only the Liberal-Radical Party responded. For their pains, several Communists including the labor leader, Pedro Saad, spent some time in jail.

In September rumors were rife that the Soviet Government was negotiating in Colombia for fishing rights in the Ecuadoran-controlled Galapagos Islands, but the Ecuadoran Government vigorously denied their truth and our investigations failed to show any agreement had been reached.

In October, 1946, a reliable Bureau informant in Ecuador revealed that the Communist Party had created a sabotage plan for use in the event of hostilities between the United States and Russia. It was to be directed principally against American interests and holdings.

After several delays a National Communist Congress was held in Quito November 16, 1946, to perfect an underground organization to operate under any eventuality and handle international relationships. (64-200 Sub 212)

e. Local Political Activities

Through the Bureau's many contacts and confidential informants, it was possible for Bureau representatives to keep abreast of the many and varying revolutionary intrigues and plots. The Ambassador, Hon. Robert M. Scotton, was at all times kept informed for which he verbally expressed his appreciation to the Director on November 2, 1945. During the revolution of May 28-29, 1944, practically all of the information concerning the revolution

and its ramifications which was reported by the Ambassador had been furnished by the Legal Attache's Office. It was sent by the Ambassador to the State Department via Bureau radio facilities. (64-3301)

3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Ecuador:

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NAME	SIS NO.	CITY	DATE	ASSIGNMENT
[redacted]		Quito	5/42-11/42	Undercover
		Quito	7/45- 3/47	Police Liaison
		Quito	8/42-10/43	Official
		Quito	6/43-10/43	Official
		Guayaquil	8/44- 1/45	Official
		Quito	6/43-10/43	Undercover
		Cuenca	9/43- 2/44	Undercover
		Guayaquil	10/43- 3/44	Undercover
		Quito	1/46- 3/47	Legal Attache
		Quito	2/43- 2/45	Police Liaison
		Guayaquil	4/45- 8/46	Official
		Quito	2/43- 8/43	Legal Attache
		Quito	7/44- 2/45	Official
		Quito	5/42- 5/43	Legal Attache
		Quito	5/43-10/43	Undercover
		Quito	5/43- 1/44	Official
		Manto	2/43- 6/43	Official
		Quito	6/43- 1/44	Official
		Guayaquil	5/43- 6/44	Official
		Guayaquil	8/45-11/45	Undercover
		Quito	5/43- 1/44	Undercover
		Quito	1/42- 9/42	Undercover
		Guayaquil	5/43- 8/43	Undercover
		Quito	12/41-12/42	Legal Attache
		Guayaquil	5/46- 2/47	Police Liaison
		Guayaquil	10/43- 3/45	Official
		Quito	3/45-10/46	Legal Attache
		Guayaquil	2/42- 6/42	Undercover
		Quito	3/44- 6/45	Police Liaison
		Quito	5/43-11/43	Undercover
		Guayaquil	9/41- 9/43	Official
		Guayaquil	8/42- 1/43	Undercover
		Quito	3/43- 4/43	Plant Survey
		Quito	10/43-10/44	Legal Attache
		Quito	3/42- 2/43	Undercover
		Guayaquil	1/42- 7/42	Undercover
		Quito	11/43- 9/44	Undercover
		Quito	8/41- 6/42	Undercover
		Quito	7/45- 9/46	Official

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NAME	SIS NO.	CITY	DATE	ASSIGNMENT
[redacted]	[redacted]	Quito	9/42- 9/43	Official
		Quito	6/40- 9/40	Official
		Guayaquil	4/43-12/43	Official
		Quito	8/42- 5/43	Undercover
		Quito	5/43-12/43	Official
		Quito	1/44-12/44	Police Liaison

4. Bibliography

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64-3300-A Miscellaneous File on German Activities in Ecuador.

64-3300-B Miscellaneous File on Japanese Activities in Ecuador.

64-3300-C Miscellaneous File on Italian Activities in Ecuador.

64-3300-D Miscellaneous File on Communist Activities in Ecuador.

64-3300-E Miscellaneous File on Spanish Activities in Ecuador.

64-3300-F Miscellaneous File on French Activities in Ecuador.

64-3300-G Miscellaneous File on British Activities in Ecuador.

64-3300-H Miscellaneous File on American Activities in Ecuador.

64-3300-J Miscellaneous File on Rumanian Activities in Ecuador.

64-3300-K Miscellaneous File on Swiss Activities in Ecuador.

64-3300-N Miscellaneous File on Austrian Activities in Ecuador.

64-3301 General File Covering Political Matters in Ecuador

64-3302 General File Covering Economic Matters in Ecuador

64-3303 General File Covering Social Matters in Ecuador

64-3304 General File Covering Foreign Agents in Ecuador

64-3304-A German Agents in Ecuador.

64-3304-B Japanese Agents in Ecuador.

64-3304-C Italian Agents in Ecuador.

64-3304-D Communist Agents in Ecuador.

64-3304-E Spanish Agents in Ecuador.

64-3304-F French Agents in Ecuador.

64-3304-G British Agents in Ecuador.

64-3305 General File Covering Foreign Propaganda in Ecuador

64-3305-A German Propaganda in Ecuador.

64-3305-B Japanese Propaganda in Ecuador

64-3305-C Italian Propaganda in Ecuador.

64-3305-D Communist Propaganda in Ecuador.

64-3305-E Spanish Propaganda in Ecuador.

64-3305-F French Propaganda in Ecuador.

64-3305-G British Propaganda in Ecuador.

64-3305-H American Propaganda in Ecuador

64-3306 General File Covering Foreign Penetration in Ecuador

64-3306-A German Penetration in Ecuador.

64-3306-B Japanese Penetration in Ecuador.

64-3306-C Italian Penetration in Ecuador.

64-3306-D Communist Penetration in Ecuador.

64-3306-E Spanish Penetration in Ecuador.

64-3307 General File Covering Sabotage in Ecuador

64-3307-A German Sabotage in Ecuador

64-3308 General File on Foreign Residents in Ecuador

64-3308-A German Residents in Ecuador

64-3308-B Japanese Residents in Ecuador.

64-3308-C Italian Residents in Ecuador.

64-3308-D Communist Residents in Ecuador.

64-3308-E Spanish Residents in Ecuador.

64-3308-F French Residents in Ecuador.

64-3308-H American Residents in Ecuador.

64-3308-J Rumanian Residents in Ecuador.

64-3308-K Swiss Residents in Ecuador

64-3308-L Austrian Residents in Ecuador.

64-3310 Military and Naval Matters in Ecuador

64-3311 General File on Foreign Firms in Ecuador

64-3311-A German Firms in Ecuador.

64-3311-C Italian Firms in Ecuador.

64-3311-E Spanish Firms in Ecuador.

64-3311-F French Firms in Ecuador.

64-3312 General File on Radio Stations in Ecuador

64-3312-A German Radio Stations in Ecuador.

64-3312-C Italian Radio Stations in Ecuador.

64-3312-E Spanish Radio Stations in Ecuador.

64-3316 Plant Surveys in Ecuador

64-200-212 The Communist Party in Ecuador

64-29833-212 Police Matters in Ecuador

64-309-212 Smuggling in Ecuador

100-341561-212 Labor Conditions in Ecuador

b. Administrative Files

64-69 Office Administrative File for Legal Attache's Office, Quito, Ecuador.

64-4984-212 Office Monthly Reports for Legal Attache's Office, Quito, Ecuador.

64-4694 Living Conditions in Ecuador.

67-383701 Office Personnel File for Legal Attache's Office for Quito Embassy, Quito, Ecuador. The inspection reports for this office are filed separately.

64-4123-212 Informant File for Ecuador.

c. Monographs

"Totalitarian Activities in Ecuador Today." General monograph covering various phases of the Bureau's work in Ecuador. Published June, 1942; 121 pages.

"The Communist Movement in Latin America." General monograph on Communism in Latin America treated on a hemispheric basis. Page 31 deals specifically with the Communist Party Ecuador. Published January, 1946; 158 pages.

"The Japanese in Latin America." General monograph on Japanese activities in the various countries of Latin America. Pages 79 to 83 refer to the Japanese in Ecuador. Published November, 1945; 179 pages.

"SIS Office, Quito, Ecuador." Photographs of the Bureau's Office and facilities in Ecuador.

M. El Salvador

1. SIS Facilities and Objectives

As was true in the other Latin American countries, it was deemed necessary for the protection of the hemisphere that Bureau coverage be established in El Salvador in order that activities of Axis followers could be determined. Coverage was first inaugurated on an unknown basis in June 1941. From the informative standpoint, however, this was quite effective, as the cover used by one of the agents was [redacted] b7E
[redacted]
this man had resided in El Salvador before employment by the Bureau, and had several contacts in high government circles. [redacted] was an actual occurence, and of course would normally give him a great deal of free time and the opportunity to travel throughout the various sections of the country without arousing suspicion.

Information submitted by the man above referred to caused the American Minister, although he did not know the source of the information, to doubt its veracity because he said it presupposed an insight into the minds of certain government officials who were known for their inscrutability. However, the close family connections of the above-said representative permitted access to such information, and it was proven correct on many occasions. (One informant of this Bureau representative was [redacted] Another was [redacted] b7C
and still another was [redacted] b7D

The Bureau by March, 1944 had one man in an official capacity and one man in an undercover capacity in the Republic of El Salvador. The country is extremely small, and this representation was able to satisfactorily handle anything having to do with subversive activities, internal security and possible espionage. El Salvador never had a known instance of enemy directed sabotage.

The Office in El Salvador was closed in September, 1946. (64-4560)

2. Major Accomplishments

a. Axis Activities

During 1942 indisputable evidence was submitted by the Bureau's representative who was attached to the American Embassy (then, a legation) that Manfredo Pincherli and Antonio Daglio, leaders of the Free Italian Movement, were rabid Fascists prior to El Salvador's entrance into the war. The aforesaid representative secured copies of "Ahora", a Falange publication, containing the photographs of the German, Italian and Spanish Ministers with Pincherli and Daglio and other Fascists. This information was verified through subsequent questioning of deportees who continued to remain firm Fascists, and who were deported largely as a result of information submitted by Bureau personnel. (100-155064-2, 64-2604-C-16)

Approximately ninety-eight persons were deported from El Salvador after that republic declared war upon the Axis countries immediately subsequent to Pearl Harbor. Seventy-one of those individuals were deported during 1942, and information furnished by SIS representatives was of considerable assistance in compiling the lists of individuals to be deported. Alberto Bendix, Ernest Groskorth, Rudolph Kuny, Pablo Oertel, Werner Hepperle, Paull Fax, Otto Hergert, Heriberto Wilmes, Walter Deininger, and Karl Augusto Schmidt were a few of the deportees on whom quantities of information were furnished. (64-2604-A-82, 65, 31, 64-2611-4, 61-7756-32, 64-2606-6, 64-2604-B-4, 64-2604-8, 64-2600-20X)

During 1942 and 1943 Bureau personnel in the Republic of El Salvador submitted a wealth of information dealing with financial and commercial transactions of Axis nationals. This information aided considerably in a more equitable operation of the United States Proclaimed List of Certain Blocked Nationals. The following are a few of the individuals and firms on the List on whom the Bureau submitted much information: Carlos Freese, Carlos Koch, Nottebohm Trading Company, Federico Geissler and Benjamin Tanabe. (64-2604-A-72, 64-2604-3, 64-2611-6, 64-2606-A-23).

At least one of the laws passed in El Salvador in 1942 relating to enemy aliens was due in some part to information furnished by, and the activities of, Bureau personnel. This was a law restricting travel of Axis citizens and the transportation of merchandise from or to persons on the Proclaimed List or from Axis nationals. (64-2600-72)

b. Spanish Falange Activities.

During 1943 SIS representatives in El Salvador devoted considerable time to a thorough survey of French and Spanish activities and organizations. Emile DeTruit, head of the Free French in El Salvador was developed into an informant concerning French activities, and an employee [redacted] in El Salvador was developed into an informant concerning Spanish activities with emphasis on activities of [redacted] tion in behalf of the Germans and the Falange. Through this latter informant, SIS personnel were successful in obtaining two of the [redacted] codes. Inasmuch as the Spanish Government did not maintain a diplomatic mission in Honduras, the interests of the Axis nationals there were handled by the Spanish Legation in El Salvador. In this respect considerable information concerning the handling of funds for the Axis nationals in Honduras was obtained. (64-29197)

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c. Local Political Coverage.

As was the case in many Latin American countries during the time the Bureau was in the foreign intelligence field, the pot of political intrigue in El Salvador was constantly boiling with revolutionary plots and counter plots. By reason of the fact that Bureau representatives had developed contacts in high places in the major political factions, it was possible to keep the American Ambassador informed of the various political developments even to the point of advising him beforehand when revolutionary attempts could be expected.

d. Communist Activities.

El Salvador recognized the Soviet Union April 21, 1945, but made no effort to exchange Ministers. It suppressed the Communist movement vigorously after 1931 and was one of the four Latin American countries which had no Communist Party. When a strike movement threatened in May, 1946, expulsion orders were issued for the Communist labor agitator, Fernando Antonio Santa Maria, and several other suspected Communists. When a general strike occurred in September, 1946, it was blamed by the government on Communists operating from Guatemala and Mexico, and some 75 persons were arrested or deported. (64-200 Sub 226)

3. Personnel

The following Special Agents were assigned to SIS work in El Salvador:

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Name	SIS	City	Date	Cover
		San Salvador	6/24/42-9/17/43	Legal Attache
		San Salvador	1/3/45-4/5/47	Legal Attache
		San Salvador	3/24/45-9/13/46	under cover
		San Salvador	7/29/43-6/1/44	Legal Attache
		San Salvador	8/28/42-5/23/43	under cover
		San Salvador	6/41-7/42	under cover
		San Salvador	5/3/44-11/16/45	Legal Attache
		San Salvador	8/18/44-10/19/44	under cover
		San Salvador	8/41-7/42	under cover

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64-2600-A General File on German Activities in El Salvador.

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64-2600-D General File on Communist Activities in El Salvador.

64-2600-E General File on Spanish Activities in El Salvador.

64-2600-F General File on French Activities in El Salvador.

64-2600-G General File on British Activities in El Salvador.

64-2600-H General File on American Activities in El Salvador.

64-2600-N General File on Austrian Activities in El Salvador.

64-2601 Political Affairs in El Salvador.

64-2602 Economic Matters in El Salvador.

64-2603 Social Matters in El Salvador.

64-2604 General File on Foreign Agents in El Salvador.

64-2604-A German Agents in El Salvador.

64-2604-B Japanese Agents in El Salvador.

64-2604-C Italian Agents in El Salvador.

64-2604-D Communist Agents in El Salvador.

64-2604-E Spanish Agents in El Salvador.

64-2604-F French Agents in El Salvador.

64-2604-G British Agents in El Salvador.

64-2604-H American Agents in El Salvador.

64-2605 General File on Propaganda in El Salvador.

64-2605-A German Propaganda in El Salvador.

64-2605-B Japanese Propaganda in El Salvador.

64-2605-C Italian Propaganda in El Salvador.

64-2605-D Communist Propaganda in El Salvador.

64-2605-F French Propaganda in El Salvador.

64-2605-H American Propaganda in El Salvador.

64-2606 General File on Foreign Penetration in El Salvador.

64-2606-A German Penetration in El Salvador.

64-2606-C Italian Penetration in El Salvador.

64-2606-D Communist Penetration in El Salvador.

64-2606-E Spanish Penetration in El Salvador.

64-2606-F Franch Penetration in El Salvador

64-2607 Sabotage in El Salvador.

64-2608 Foreign Residents in El Salvador

64-2608-A German Residents in El Salvador.

64-2608-B Japanese Residents in El Salvador.

64-2608-C Italian Residents in El Salvador.

64-2608-E Spanish Residents in El Salvador.

64-2608-F French Residents in El Salvador.

64-2608-H American Residents in El Salvador.

64-2610 Military and Naval Matters in El Salvador.

64-2611 Foreign Firms in El Salvador.

64-2611-A German Firms in El Salvador.

64-2611-B Japanese Firms in El Salvador.

64-2611-C Italian Firms in El Salvador.

64-2612 Radio Stations in El Salvador.

64-2616 Plant Surveys in El Salvador

64-200-226 Communist Party in El Salvador.

100-341561-226 Labor Conditions in El Salvador

b. Administrative Files.

64-4560 Office Administrative File for Legal Attache's Office, San Salvador, El Salvador.

64-4984-226 Monthly Reports for Legal Attache's Office, San Salvador, El Salvador.

64-4664 Living Conditions in El Salvador.

67-383713 Office Personnel File for Legal Attache's Office, filed under Embassy, San Salvador, El Salvador." The inspection Reports for this office are filed separately.

64-29333-226 Police Matters in El Salvador.

64-4123-226 Informant File for El Salvador.

c. Monographs

"Totalitarian Activities in El Salvador Today." General monograph on various phases of the Bureau's work in El Salvador. Published in April, 1943; 166 pages.

"The Communist Movement in Latin America." General monograph covering communism in Latin America, treated on a hemispheric basis. Page 34 refers specifically to communism in El Salvador. Published January, 1946; 158 pages.

"The Japanese in Latin America." General monograph on Japanese activities in the countries of Latin America. Page 57 refers specifically to the Japanese in El Salvador. Published in November, 1945; 179 pages.

"SIS Office, San Salvador, El Salvador". Photographs of the Bureau's office and facilities in El Salvador.

"Labor-Communist Movement in Central America." Unpublished monograph which deals in part with labor and Communism in El Salvador Prepared as of Fall 1946. Proof copy filed in Bureau Library.

O. ENGLAND

1. SIS Facilities and Objectives

At the request of the State Department the Bureau's foreign liaison facilities were extended to London, England, on November 16, 1942, where an office was equipped as part of the American Diplomatic Mission under the title Office of the Legal Attache. The activities of the Bureau's representative in London grew to the point where it was necessary in March, 1943, to assign additional personnel making a total of two Special Agents and two stenographers. After the European phase of the war was terminated the staff was again, in September 1945, reduced to one Special Agent and one stenographer.

The main objectives in assigning a liaison agent to London, in addition to regular police liaison, were the establishment of an even closer cooperation between the English Intelligence Services and the Bureau, the developing of information pertinent to the internal security of the United States, and the highlighting, to the Allied armies, matters in which the Bureau had a primary interest, such as cases of treason involving United States citizens, in order that the Bureau would be assured of receiving pertinent information as soon as it became available. (64-4727)

b2

2. Major Accomplishments

a. [redacted]

Probably the major accomplishment of the London Office, particularly during the war years, was the securing of information known as [redacted] material from the British. This is [redacted] and proved to be the most valuable single source of information of the Bureau in its espionage coverage. The [redacted] material is the decode of various German clandestine radio messages containing espionage intelligence. Bureau Agents began negotiations in November, 1942, with the British to secure this material. They received permission to review decodes of these German intercepts in February, 1943. However, certain restrictions were imposed, one of which was that no copies could be made and the agents were permitted only to indicate those messages which they believed of interest to the Bureau which were then to be paraphrased by the British, sent to their New York Office, paraphrased again, and forwarded to the Bureau. When such messages finally arrived at the Bureau, they were of little use because the original texts had undergone such a complete change. Subsequently, the Bureau agents adopted the procedure of copying the German intercepts surreptitiously as they received them. (62-76229)

b2
b7D

b. Cocase

As an example of the effectiveness of the [redacted] information, the Cocase is cited. Tom-X (Dieudonne Costes), who had been recruited by the Germans as an espionage agent [redacted] stated that Paul Cavaillez would be sent to Argentina to assist him in sending information to Germany by radio. The Bureau thought that Cavaillez' plan had been abandoned until the Bureau agents in London saw [redacted] intercepts indicating that he was attempting to carry out his mission. On April 3, 1944, Berlin sent a message to Lisbon indicating that "Y" was going from Paris to Lisbon to secure a U. S. visa. On April 4, Berlin said "X" was Cavaillez and described him. Reference was made to the message of the previous day, and it was stated that "X" and "Y" were identical. The Germans later used the cover name of Gastor for Cavillez. From still another [redacted] message, the instructions given Cavaillez were secured. Cavaillez, through Costes, endeavored to advise the Germans that he would be ready to transmit messages to the Germans on March 1, 1945. He was to operate from the United States, instead of Argentina.

On July 19, 1945, Cavaillez was indicted in the Southern District of New York in an indictment covering five counts. Cavaillez entered a plea of guilty to two counts of violation of Trading with the Enemy Act, and one count on violation of the Presidential Freezing Order in that he had in his possession funds of an enemy nation which he had smuggled into the United States upon his arrival. He was sentenced to five years each on the three counts to run concurrently. (64-20026)

b1

c. War Room Liaison

b7D

During the early summer of 1945, the Bureau's representative in London had attempted to arrange for the assignment of a Bureau Agent to the War Room in London. [redacted]

b7C

[redacted]

(S)

d. French Intelligence Service

[redacted]

b1
b7D

[redacted] (64-20026)

[redacted] (5)

e. [redacted]

b2

During the war [redacted] comprised of United States State, Army and Navy Departments and British Intelligence, exchanged communications intelligence information. In March of 1946 it was deemed advisable by the participating organizations to revamp the agreement. The Director of the FBI had become a member of the policy board of [redacted] in the United States and it was this board which governed the exchange of communications intelligence with the British. Meetings were held in London to work out a new agreement with the Bureau's Liaison Agent in London representing the Bureau in the meetings. As a result of the new agreement drawn, the Bureau subsequently received pertinent material on all intercepted communications. (64-31870)

f. Post-War Liaison

Subsequent to the close of the European phase of the recent war, the close liaison which had been developed between the Bureau and the intelligence services and police agencies of England was continued. Excellent relations were obtained and are continued in the field of exchange of information about Russian activities and Russian espionage. It is contemplated that such close liaison in all matters will indefinitely be continued and that a Bureau Liaison will remain in London indefinitely, attached to the U. S. Embassy as Legal Attache. (64-4727)

b2
b7C

3. Personnel

The following Special Agents were assigned to SIS work in England:

NAME	SIS	CITY	DATE	ASSIGNMENT
		London	1/43 - 11/43	Official
		London	3/43 - present	Legal Attache
		London	1/44 - 8/45	Legal Attache
		London	11/42 - 2/44	Legal Attache

4. Bibliography

a. Investigative Files

64-29833-241 Police matters file

b. Administrative Files

64-4727 Office Administrative File

64-4984-241 Office Monthly Reports File

67-383682 Office Personnel File filed under "Embassy, London, England. The Inspection Reports for this office are filed separately.

64-29833-241 Police Matters in England.

P. FRANCE

1. SIS Facilities and Objectives

Two agents of the Bureau were sent to France during September, 1944 attached to the Supreme Headquarters of Allied Expeditionary Forces (SHEAF). The objectives of these agents was to see that special "targets" of interest to the Bureau were listed by the Army Intelligence Units in order that the Bureau would be assured of obtaining full information when it became available. This staff was gradually increased and as the Army moved forward, several of the Bureau's Agents went with it into Germany.

A Liaison Office was established in the U. S. Embassy at Paris during June, 1945, and the duties of the Bureau's Legal Attache in charge thereof consist of maintaining contact, for mutual cooperation purposes, with all sections of the French Police, the International Criminal Police Commission and the British Intelligence Service. (66-16300)

2. Major Accomplishments

a. Dawson Case

The two agents in France, assisted by six additional agents who arrived later and moved on into Germany with the advance of the Allied troops, were given the first opportunity to interview all American citizens in the European area who were accused of collaborating with the Axis. The agents had been furnished with the names of treason suspects.

b1

An interesting example of this type of case is the Francis Washington Dawson case. Dawson was an American citizen and a former employee of the United States Embassy in France. He was arrested in Paris following the discovery of incriminating documents in an abandoned German Staff car which implicated Dawson in what were treasonable activities against the United States.

(S) [redacted] reopened American Embassy in Paris became interested in Dawson because of his former connection with that Embassy and the OSS representatives, fearing embarrassment, turned the matter over to our agents. The latter two secured the complete story on Dawson from the French and by interrogation of subject. They discussed the matter with Ambassador Jefferson Caffery and by judicial and diplomatic handling of the case, managed to bring it to a conclusion to the satisfaction of all concerned. (65-54191)

b. Liaison Office Established at U. S. Embassy

At the request of Ambassador Jefferson Caffrey, two of the Bureau's Special Agents were assigned as Attaches to the United States Embassy in Paris at which post they began their liaison duties on June 30, 1945. The agents assigned to SHEAF, including those who had moved on into Germany were withdrawn in October, 1945, as a result of a recommendation by General L. Seibert, G-2 Chief, European Theatre, that the total Bureau

personnel in Italy, France, Germany, and Austria be reduced to a total of two agents. This recommendation was approved by General Eisenhower. The files maintained by these agents were turned over to the two agents who remained in the Embassy in Paris as liaison agents.

During April, 1947, the personnel in the Paris Office was reduced to one Special Agent and one stenographer. The Legal Attache has maintained contact and mutual cooperation with all sections of the French Police, the International Criminal Police Commission, which has its headquarters in Paris, as well as with sections of the U. S. Embassy of which he is a part. In addition, the Legal Attache has continued to keep the Bureau informed concerning political matters in France, including a general picture of Communist activities. In this connection, as well as for criminal matters, liaison with the British Intelligence Service has been maintained. On numerous occasions the Legal Attache has by cable obtained information from Bureau Headquarters concerning people or organizations with whom the Ambassador was in contact, thereby enabling the Ambassador to conduct this Government's business fully aware of the background of the individuals or organizations with whom he was dealing. (66-16300)

3. Personnel

The following Special Agents were assigned to SIS work in France:

Name	SIS No.	City	Date	Assignment
		Paris	9/44 - 6/45	Army
		Paris	1/45 - 6/45	Army
		Paris	5/45 - 6/45	Army
		Paris	9/44 - 10/45	Army
		Paris	1/45 - 6/45	Army
		Paris	5/45 - 6/45	Army
		Paris	5/45 - 10/45	Army
		Paris	7/45 - 4/47	Official
		Paris	5/45 - 6/45	Army
		Paris	5/45 - 6/45	Army
		Paris	7/45 - Present	Legal Attache
		Paris	1/45 - 6/45	Army
		Paris	5/45 - 8/45	Army

4. Bibliography

a. Investigative Files

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64-29833-231 Police Matters File

b. Administrative Files

66-16300 Office Administrative File

64-4984-231 Office Monthly Reports File

67-400571 Office Personnel File filed as "Liaison, Paris, France". The Inspection Reports for this Office are filed separately.

Q. GERMANY

1. SIS Facilities and Objectives

In June, 1945, several of the Bureau's Agents attached to the Army moved into Germany from France and liaison units were opened in Germany in coordination with Army activities in that area. Agents were eventually stationed at Frankfurt, Berlin, Heidelberg and Freising. Eight agents were assigned to Germany until October, 1945, when all of them were withdrawn and the office closed as a result of a recommendation by General Edwin L. Siebert, G-2, Chief, European Theater, that the total personnel of the Bureau in Italy, France, Germany, and Austria be reduced to a total of two Agents. This recommendation was approved by General Eisenhower and in view of the fact that the Bureau's operations could not be adequately handled with such limited personnel the Army liaison project was abandoned and the office closed.

During the time the Bureau's Agents were in Germany they were attached first to SHAEF and later to its successor, the United States Group Control Council (USGCC). They were assigned proper office and living facilities by the Army.

The principal objective of the Bureau's Agents in Germany was to handle investigations of treason cases involving American citizens in the European area and to cover the specific "targets" furnished them by the Bureau in connection with incompleted investigations. They also obtained material of interest in connection with the Bureau's investigations in the Western Hemisphere which material was available to the Allied Intelligence Services in Europe. The Bureau's representatives also engaged in the interrogation of prisoners and the inspection of captured archives in order to develop information of interest regarding German Intelligence operations in the Western Hemisphere. (66-16320)

2. Major Accomplishments

a. Interrogation of Nazi "Bigwigs" and Intelligence Chiefs

Bureau Agents attached to the Berlin office interrogated Hermann Goering, Walter Schellenberg, Major Friederich Busch, Captain Wilhelm Ahlrichs and many of the more important German Ambassadors to the United States and Latin American countries. From these individuals there were secured some interesting observations on Nazi opinion of the FBI and German espionage efforts against the United States. A review of the interrogation reports of these individuals as well as countless documents located in Abwehr espionage headquarters permits the conclusion that every Nazi espionage agent of any importance who came to the Western Hemisphere and attempted to

operate here was detected by the Bureau or by Latin American police with whom SIS cooperated. Hermann Goering complained that the FBI was too observant in detecting invading spies and as a result the Nazis never were able to develop a spy network in the United States. He remarked, however, that the best sources of information from the United States were newspapers, magazines and radio speeches. He stated that the greatest mistake in American security was the printing of information and radio comments which were broadcast openly. (61-8199)

Major Friederich Busch, head of the American Division of the Abwehr specializing in espionage in air matters, told of his suspicion that William Siebold in the Duquesne case was controlled by the FBI, which was broadcasting messages from Duquesne and his group. He said, however, that when he attempted to get this point across to his superiors and to German technicians, he was brushed aside. His argument was that the United States had radio detection finders which would preclude Siebold's chances of broadcasting undetected for any length of time, but the official German attitude was that since Germany had failed to develop any such technique in radio location it was impossible for other countries to have made such advances. Busch claimed that the arrest of the Duquesne gang in New York caused such a furor in Germany that Foreign Minister Von Ribbentrop went to Admiral Canaris, Head of the Abwehr, and told him that if the United States declared war upon Germany as a result of this incident he, Canaris, would be held personally responsible. (65-37193-295,309)

Kapitanleutnant Wilhelm Ahlrichs of the German Navy was assigned the mission of taking the eight Nazi saboteurs from Germany to France and embarking them secretly on U-boats bound for the United States. He told Bureau agents that when he met these men in Germany he soon concluded that their mission would not succeed. He described them as interested only in getting to the United States with the huge sums of money entrusted to them and in having a good time. He said they argued among themselves and, in fact, one of them, Dasch, threatened to turn Berger in to the FBI when he got to this country. Dasch was extremely indiscreet in France and, in fact, when arrested by German police while awaiting departure because he did not have proper identity cards, he blurted out the whole story of his mission although it was supposed to have been kept highly secret. Ahlrichs added that when the news of the arrest of the saboteurs got back to Germany, Admiral Doenitz, in charge of all German U-boats, withdrew permission for the German Intelligence agencies to send any additional agents by U-boat. This prohibition was removed by Doenitz seven months later. Ahlrichs claimed that he warned the saboteurs about the FBI because most of them were members or closely affiliated with the German-American Bund and he told them the FBI had a special squad watching German-American Bund activities. (65-56469; 98-10288-3472,3474)

Walter Schellenberg, head of Section 6 of RSHA, the organization which took over the handling of espionage of the Abwehr in 1944, told of suspicions that information sent over short wave radio from the United States by Nazi agents who, in fact, were controlled by the FBI, was in fact coming from them and that they had been "doubled." He said the trouble was that these agents were handled by competing intelligence groups in Germany who refused to believe that their men had gone sour and who continued to forward the radioed messages to interested agencies in order to keep themselves in favor with the authorities. (100-103569)

b. Arrest of Hans Karl Albrecht Blum

This individual was arrested in Hamburg, having been located by one of the Bureau's Agents assigned to Germany. Blum was an Abwehr man who recruited and sent to the United States several well-known Nazi agents including Ernst Friedrich Lehmitz and Wilhelm Albrecht von Rautter. Blum claims he did not know that Lehmitz had been arrested and convicted of espionage nor did he know that Von Rautter had met a similar fate. He said the information received from these individuals did not amount to much. (65-56166)

c. Captured Documents

In the comparatively short time that the Bureau's Agents operated in Germany, they sent back material of extreme interest. This material included records obtained from the Auslands organization headquarters which were summarized and consist of a long list of United States citizens who returned to Germany in 1937, 1938 and 1939, and were interviewed upon their arrival in Germany by AO officials. Among other things they were asked to list the German social groups to which they belonged in the United States. Many indicated that they had been Bund members. There were a considerable number listed who claimed to be connected with NSDAP branches in several of the large cities in the United States. (66-16320-14)

Through the efforts of one of the Agents, the Bureau received eight mail sacks full of material captured at Ast Dijon. This material included, among other matters, a complete description of the operation of a German branch intelligence office through 1944. These data were extremely valuable in assisting materially in completing the Bureau's picture of the German espionage system. (62-64427-1101; 65-48824-58x1, 58x2)

A large counterfeiting headquarters operated by the Germans was located and among the things discovered by the Agents was a complete volume of passports. This volume was referred to the FBI Laboratory. (65-47826-360;297)

The Bureau had for some time been aware of the activities of Nest Bremen. That Nest was a large German espionage headquarters functioning in Bremen. It was of particular importance to the Bureau because most of the agents dispatched by the Nazis against the Western Hemisphere were trained and sent out from that Nest. United States Naval authorities located the complete records of the Nest hidden in a salt mine near Bremen. One of the Special Agents who had been attached to the Bureau's Army liaison unit in Germany, was in Bremen at the time of this discovery and prior to his recall had an opportunity to examine these records. He noted complete dossiers on numerous Nazi agents whose names he recognized and, in addition, files on several others who apparently had been trained to operate in the United States but whose names were unfamiliar to him. He made arrangements with the Naval authorities to have copies of these records forwarded to the Bureau through Naval Intelligence in Washington, D. C. (65-54179)

d. Requests from United States Army for Information

The Bureau Agents in Germany handled a large number of requests from Army authorities for information concerning Germans being considered for minor Government positions under the Allied Military Government. The Bureau was able to supply derogatory information about several of these who were confirmed Nazis in the United States and who were deported. (66-16320-13, 16)

e. German Espionage Activities in the American Embassy, Berlin

The American Embassy in Berlin functioned, of course, until the outbreak of war in December, 1941. Then American affairs were handled in Germany by the Swiss. One of the Bureau's Agents in Germany learned from the former supervisor of the criminal police in Germany that the Gestapo had three German-born informants who worked as employees of the American Embassy up until the time of closing to deliver all United States mail to the Gestapo, and also to furnish important diplomatic information secured in the Embassy to the Gestapo. After the American Embassy closed arrangements were made by the Gestapo so that all mail coming to the Swiss Embassy on American matters was also furnished to them.

Through United States Intelligence officials in Germany, a top secret report was secured by the Bureau's Army liaison unit which concerned German penetration of the American Embassy. One Johannes Gaenzer, who was connected with the German counterespionage and penetration section of the Abwehr, told of the efforts and success had by the Germans in penetrating the American Embassy in 1941. Gaenzer explained that much valuable information was obtained from the Embassy by stealing. He pointed out that during the luncheon period neither the rooms nor the safes of some members of the

Embassy were securely locked. He added that what the Abwehr considered important intelligence information was openly displayed on desks and an Abwehr agent would remove such material during the lunch hour for photostating, after which the documents were returned. Gaenzer recalled that an especially valuable document secured was a blue covered book which contained the United States Naval Code (subsequently in force for another two or three weeks) as well as exact details of the United States Naval building program. This book was photostated page by page in several sections. (62-62650)

f. Russian Matters

The Bureau's Agents in Germany closely followed the spread of Russian influence in all of the occupied territories and came upon definite evidence that Russian Intelligence was operating in the American occupied zone in Germany in efforts to discredit the United States regime and to set up Communist-dominated local governments. One theory advanced was that the Russians hope that when the United States withdraws its occupation forces so much unrest can be stirred up throughout Germany that it will be necessary for the United Nations Organization to step in and handle the matter by force. Under United Nations regulations the nearest member of the Organization would be called upon to do this. This would be Russia and, therefore, the Russian armed forces would eventually be able to assume control of all Germany. (64-200-232; 64-31609; 61-3499-155)

5. Personnel

The following Special Agents were assigned to SIS work in Germany:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Berlin	6/45 - 10/45	Army
		Freising	6/45 - 10/45	Army
		Berlin	6/45 - 10/45	Army
		Heidelberg	6/45 - 10/45	Army
		Berlin	3/46 - 6/46	Official
		Berlin	7/40 - 10/41	Official
		Heidelberg	6/45 - 10/45	Army
		Frankfurt	6/45 - 9/45	Army
		Freising	6/45 - 10/45	Army
		Frankfurt	6/45 - 10/45	Army

4. Bibliography

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b7C

66-16320 Office Administrative File Liaison Office, Frankfurt, Germany

67-388763 Office Personnel File filed under caption, "Liaison, Frankfurt, Germany."

64-4984-232 Office Monthly Reports for Liaison Office, Frankfurt, Germany

64-31758 Living Conditions

R. GUATEMALA

1. SIS Facilities and Objectives

The first Special Agent to be sent to Guatemala in the latter part of December, 1940, returned to the Bureau Headquarters in January of 1941. This assignment was in an undercover capacity. The same agent returned to Guatemala in September of 1941 and remained until January of 1942, again in an undercover capacity. The first open assignment of Bureau personnel in Guatemala was in August, 1942, at which time the Bureau was successful in placing men in the United States Embassy in Guatemala in the capacities of Legal Attache and Assistant Legal Attache. By July of 1943, a total of six Special Agents were operating in Guatemala; two in the Embassy and four undercover. As a result the Bureau's operations in that country were greatly facilitated through coordination between men in official capacities and Bureau representatives working undercover. This arrangement, of course, allowed complete cooperation with Bureau operations in the United States. The Bureau representative who was first attached to the United States Embassy in the position of Legal Attache was very successful in establishing extremely beneficial relations with General Ordonez, Director General of the Guatemalan National Police. This agent so firmly established himself that General Ordonez insisted on personally handling all the Agent's requests no matter how minor they might have been in nature. The Bureau in addition, and at the request of the Guatemalan Officials, made certain recommendations for the establishment of a crime laboratory in that country. The establishment of the laboratory did not materialize, however, due to the fact that war shortages of equipment prevented it. The Guatemalan Office was closed on April 4, 1947. (64-2204-A-354)

The objectives in sending Special Agents to Guatemala were to develop information pertaining to the extent of penetration by Axis nationals, to develop sufficient information and evidence to have dangerous Axis nationals and Axis agents interned or jailed, and in general develop the cooperation of the local governmental officials and police to the greatest degree possible for the furthering of the common Allied cause in the prosecution of the war.

2. Major Accomplishments

b7E

a. Internment Program

One of the Bureau's first representatives used the cover [redacted] He spent several months in Guatemala and operated so well that he was able to travel freely and develop informants in all classes of Guatemalan society. He submitted invaluable information on the operations of the Proclaimed List "fincas" and activities of Axis nationals. (64-2111-26; 64-2111-A-65) Several of the individuals

about whom he submitted information were subsequently deported, repatriated, or interned. The following are a few of the individuals on the United States Proclaimed List of Certain Blocked Nationals about whom he submitted information: Martin Frey, Conrado Franke, Alberto Hartleben, Martin Knoetzsch, La Perle, S. A., and Nottebohm and Company (64-2206-A-47,23; 64-2200-77; 64-2201-26; 64-2204-A-196,232; 64-2204-E-23; 64-2604-3). Information submitted by the above-mentioned representative was also instrumental in retaining certain individuals on the Proclaimed List, although pressure was exercised by German and Guatemalan political interests in an attempt to effect their removal. A case in point was that of Walter Widman. (64-2204-A-318,359)

Another Bureau representative working under cover used the cover [redacted] This Agent spent as much time as possible in the Coban area of Guatemala, which was referred to as "Guatemala's Sudentenland" or "Guatemala's Little Germany." It would have been impossible for an American or even many Guatemalans to have spent any length of time in that area without arousing the suspicion of the Germans who were very closely organized. However, under the cover of [redacted] the agent was able to spend several months in that area without arousing suspicion. As a result, official records of several German organizations in that area were secured.

Bureau representatives in Guatemala were able to secure not only records of the German organizations in the Coban area, but also throughout the other areas in Guatemala in which the Germans were congregated. These records include membership lists of the NSDAP, individuals who voted in the Nazi plebiscite in 1938, lists of "trusted" Germans, membership lists of the German Club, and membership lists of the German School which was very closely associated and affiliated with the German Club and the NSDAP operations. (64-2200-A; 64-2204-A)

In addition to the attention paid the Germans in Guatemala, intensive and thorough surveys were conducted by SIS personnel of French, Italian, Japanese, and Spanish activities and organizations in that country. Although the surveys indicated lack of intensive activity on the part of these organizations at the time the surveys were conducted, that negative information was of considerable value as an indication of what had previously existed and which might be revived. In connection with the survey of Spanish activities in Guatemala, Bureau Agents were able to secure all issues of "Amanecer," the official magazine of the Spanish Falange in Guatemala, which had discontinued publication in 1940. Although the magazine had not been published for many months at the time copies of it were secured, the issues contained the names of approximately two hundred members of the Falange in the Republic and also listed the leaders and most important members, many of whom were still in the country and active. It also contained photographs

of various members, set forth the oath of the Falange, gave a list of contributors to various Falange operations; et cetera. (64-2200-F-18; 64-4123-627; 64-2100-1127; 64-2208-E-4)

The Germans residing in Guatemala maintained the strongest, the largest, and the most efficiently organized Nazi colony in Central America from 1933 until the war. As was to be expected, though officially outlawed in 1939, the organization continued its activities underground in so far as possible. Arrest and internment of the most active pro-Nazis began immediately subsequent to Guatemala's declaration of war in December, 1941, and continued until the last deportation on January 1, 1944. In this program SIS personnel played a large part and investigated and obtained all possible information concerning the Nazi organization in Guatemala.

On October 24, 1943, when sixty-eight German nationals were deported from Guatemala to the United States as dangerous enemy aliens, our representatives were made responsible for the over-all handling of all details of the deportation. This entailed arranging for arrests, questioning of all deportees, obtaining fingerprints, photographs and physical examinations, and providing guards and proper detention quarters. The deportation included 119 persons; the balance over and above the 68 previously mentioned being made up of the families of the deportees who desired to join their husbands and fathers in internment in the United States. Separate reports were submitted on each deportee and these enabled the Bureau to conduct further intelligent questioning of the deportees after internment in the United States. As a result, the Bureau obtained further detailed information on Nazi activity in Guatemala and Central America.

The manner in which SIS personnel handled this project brought voluntary praise and commendation, not only from the ship's officer to whom the deportees were delivered, but also from the American Ambassador in Guatemala, the visiting United States Congressmen, and Mr. Breckinridge Long, Assistant Secretary of State. The latter also commended and praised SIS activities along these lines in other Latin American countries.

Including the deportations of October, 1943, a total of 866 individuals were deported or repatriated from Guatemala during the period from January 1, 1942, to January 1, 1944, inclusive. This total included the wives and families of deportees and repatriates. Some of the most important deportees were: (64-20466-1; 64-24184-112)

Johann Fischer	Conrado Franke	Oscar Koch
Martin Frey	Otto Hartleben	Josef Murb
Kurt Paulke	Enrique Hertzsch	Federico Nottebohm

Investigation of [redacted] and several members of her family was carried on for several months by SIS personnel in Mexico, Central America, Argentina, and Colombia, and by Bureau agents in New York and Newark, New Jersey. One member of the family was deported from Guatemala to the United States for internment and subsequent repatriation to Germany; another member of the family was repatriated directly from Guatemala to Germany and subsequently was reported to have broadcast on short-wave from Germany to Guatemala. It was established that [redacted] was engaged in smuggling certain small items out of the United States for resale in Guatemala and because of the background of the family, the belief was held that espionage activities were possibly also in operation. [redacted] and the members of her family were under active surveillance and complete coverage was maintained on cables and correspondence. The case was finally closed when it was determined satisfactorily that no espionage operations existed. (64-20843) b7C

Under date of February 1, 1944, 15 additional persons, 7 wives and 8 children of German Nationals departed from Guatemala via Pan American Airways for an internment camp in the United States. Each subject had been very carefully investigated by SIS personnel at Guatemala and the evidence presented was sufficiently conclusive to warrant the deportation of these people from Guatemala to subsequent confinement in the United States. This was a continuation of work by SIS personnel which reached its peak under the deportation program in 1943. The work done by the SIS personnel in Guatemala relative to the deportation of dangerous Axis Nationals was so successfully and satisfactorily done that a letter of commendation was received by the Bureau from Breckenridge Long, Assistant Secretary of the State Department.

The deportation program in Guatemala conducted by the SIS personnel was highly effective in preventing subversive activities in that country and in other Central American Republics.

b. Espionage Investigations

(1.) Manuel Enrique Panella de Silva. Panella de Silva was sent to Guatemala March 21, 1942, as a correspondent of the EFE Spanish News Agency. SIS personnel developed information showing that he had spent the years from approximately 1934 to 1940 in Germany; that he did many things which indicated he was pro-Falange and pro-Nazi. As a result of this information the subject was under constant observation during the time he spent in Guatemala. The close coverage of his movements and operations resulted in his being a failure in so far as his work as a Spanish correspondent and possible Nazi agent was concerned.

In October 1943, De Silva was offered a transfer to New York City by the head of the EFE News Agency in Madrid, Spain. Information previously

secured and distributed by the SIS personnel is believed to have at least prevented De Silva from securing a visa for entrance into the United States. Further evidence developed by SIS personnel placed De Silva under consideration of the Department of State for deportation as an undesirable alien in the Western Hemisphere.

The State Department, on considering the evidence submitted by the Bureau's SIS personnel, rendered a decision against the subject and requested that he be deported from the Western Hemisphere as an undesirable individual operating in this area. Under date of October 12, 1944, De Silva left Guatemala en route to Spain. He issued many bitter protests against being deported and carried his efforts to the extent of sending a lengthy cable to President Roosevelt asking the President to intercede in his behalf. However, all this was of no avail and De Silva was forced to leave the Western Hemisphere. (65-47053)

(2) Jose Gregorio Diaz. Diaz, an outspoken opponent of Jorge Ubico, former President of Guatemala, was at one time the Guatemalan Minister to Berlin. Subsequent to this he held a similar post in France. In 1942 he became Minister to Nicaragua and then Minister to Ecuador. Information obtained by SIS personnel from the decodes of the German clandestine radio station HDZ, which operated between Argentina and Germany, reavealed that in mid-November 1943, Germany instructed its agents in Argentina to establish contact immediately with Diaz, who, according to the message, had worked for the Germans for two years while in Germany and was a positive Nazi in sympathy. He was given a cover name and was apparently provided with a password to identify any agent calling upon him.

On following this case closely SIS personnel learned that in January 1944, Argentina replied to Germany to the effect that they had no collaborators in Ecuador and, therefore, could not make contact with Diaz. Investigation of Diaz' activities failed to show that he engaged in activities which could be considered inimical to the welfare of the Allied war effort.

The subject later returned to Guatemala where he was under SIS observation. Diaz was known to aspire to the presidency of Guatemala and he felt that he could never achieve this end without United States backing. It may be that this belief on his part served to keep him from engaging in activities on the behalf of the Nazis.

(3.) [redacted] In 1944 the War Department requested the Bureau to surveil [redacted] who was going on a trip to Guatemala [redacted] advised that [redacted] had, in the past, [redacted] of considerable

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value and that he claimed he was to make contact in Guatemala with one Eberhart Bedenklich to secure from Bedenklich the complete details of the German supreme command plans. An undercover agent traveled with [redacted] from the United States through Mexico to Guatemala and [redacted] was under close surveillance during the entire stay there.

[redacted] turned over a 60-page typewritten report on German plans which he stated he had received from Bedenklich and also furnished a report on an alleged mission of German agents, traveling throughout Latin America. However, the surveillance and investigation of [redacted] by the Bureau revealed that he was a complete fraud, that he had not received any report from Bedenklich, that he had not paid $2,500 for the report as claimed, but had pocketed the money himself. Full details were furnished to [redacted] on interview with [redacted] was convinced that [redacted] was a fraud. [redacted] was so taken back by the information possessed by [redacted] that he was unable to answer most of the questions put to him.

[redacted] was dismissed but [redacted] recommended against prosecution for fraud against the Government because of unfavorable publicity which would probably result. High officials of [redacted] expressed their gratefulness for the fine cooperation that was furnished by the Bureau in this case and stated they were extremely indebted to the Bureau in assisting in this matter and so ably covering all of [redacted] activities. (65-16107)

(4.) Zato John George Michel Guadagni. SIS personnel developed information showing this subject to be a former Italian espionage agent [redacted] in Africa. He entered Guatemala during August of 1942 to accept work as an engineer on the new Pan American Airways air field there. After being engaged about six months on this project he obtained employment with the United States Engineers on the Pan American highway construction and he was active on this project until early 1944.

Nothing definite was known about this subject when he departed from the United States on a British passport on his way to Guatemala. SIS personnel later secured information reflecting that the subject had been engaged [redacted] but that this was subsequent to his having been employed by the Italians in espionage work; that he also had been engaged in smuggling jewelry.

The subject was born in Italy and later became a Canadian citizen when his parents moved to Canada and became naturalized there. During the Italio-Ethiopian War he went to Italy and became engaged in Italian espionage. From evidence developed it appeared that [redacted] employed the subject for espionage purposes during 1940 and 1941 after he had been used for the same purpose by the Italians, and evidently the subject [redacted] at the time he was working for them by continuing to submit information to the Italians.

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During the subject's sojourn in Guatemala he was kept under constant observation by SIS personnel. Because of the close coverage maintained the subject was unable to engage in any espionage activity in Guatemala.

In the spring of 1944 the subject approached the SIS personnel in Guatemala with a proposition in that he had "come to the end of his rope" because his job had terminated with no prospect of another one, and because he anticipated either being deported from Guatemala or interned by the British authorities. He admitted serving the Italians [redacted] as an espionage agent. His proposition was that he would be willing to act in an undercover capacity to gather information concerning Axis espionage in Latin America. When the subject approached SIS personnel the opportunity was taken to thoroughly interview the subject and considerable information concerning his past activities was secured. The subject at that time also furnished a code which he said was given to him in Buenos Aires but which upon examination appears to be of the same type in use by the Italian espionage system.

The subject was transported from Guatemala to Miami, Florida, on June 10, 1944, where he was taken into custody by the Immigration and Naturalization Service inasmuch as he did not have valid travel papers for entry into the United States. He was subsequently interned at Kenedy Texas. (64-21413)

c. Communist Activities

From 1931 to July, 1944, during the regime of General Jorge Ubico, the then President of Guatemala, Communist activities in this country were completely suppressed and known Communist leaders were either imprisoned or executed. Federico Ponce, Ubico's successor, also followed the same procedure for a four-month period. The Revolutionary Board, however, which controlled the affairs of the Guatemalan Government from October 20, 1944, until March 15, 1945, did permit a number of alleged Communists to enter the Republic.

As of July, 1946, the Communist Party was still outlawed in Guatemala, and there was no distribution of Communist propaganda in schools nor among the laboring element, in general. However, the Confederacion de Trabajadores de Guatemala (Workers Confederation of Guatemala), which was an affiliate of the Confederacion de Trabajadores de America Latina (Workers Confederation of Latin America), was composed of a number of individuals who though not known to be Communists had Communist leanings and traits. On April 19, 1945, Guatemala diplomatically recognized the Soviet Union; no diplomatic missions, however, was established as a result of such recognition.

While it was reported as of May 1, 1947, there was no organized Communist group or Soviet Mission in Guatemala, there had been occasional allegations of Communist activity. Through excellent liaison with Guatemalan

Police and informants in political and labor circles, our Attache and Liaison Officer kept abreast of all these scattered developments.

In July, 1946, there appeared several copies of what purported to be a letter written March 18, 1945, by Guatemalan President Juan Arevalo to the Charge d'Affaires of the Soviet Embassy in Mexico. The tenor of the letter implied close cooperation between Arevalo and that Embassy. Our investigation revealed that the so-called letter was a fabrication of certain Guatemalan political exiles who hoped thereby to discredit the Arevalo Administration.

In September, 1946, our Attache in Paris developed information that the Guatemalan Ministries in Paris and Moscow were considering allowing a number of Spanish Communists in France to travel to Guatemala. Continued coverage of the matter failed to show that any agreement was reached.

The Fall of 1946 brought considerable labor unrest which was of special interest to the Bureau and the Embassy in view of the extension of the influence of leftist labor leader, Vicente Lombardo Toledano, into Central America, and indications that efforts were being made to weaken the Arevalo Government. On October 3 a strike of United Fruit Company workers began under leftist management. It was terminated October 26, 1946, when the government gave strikers 72 hours to return to work. In November, 1946, a strike threatened in the powerful Railroad Workers Union when several unionists resigned claiming corruption in its leadership. The Union demanded that the resigned unionists be discharged from railroad jobs. A severe crisis was averted when the railroad transferred several dissident workers to its El Salvador line. The result was an order of the government in December, 1946, banning work stoppages. (64-200-213)

d. Political Coverage

As was the case in many of the other Latin American countries, the Bureau's SIS personnel followed closely the political developments in Guatemala and promptly reported developments to the Bureau and State Department representatives who were in Guatemala. In many instances Bureau agents were able to know in advance of planned attempts at overthrowing the government. This was particularly true insofar as the revolutions occurring in Guatemala during 1944 were concerned. This coverage was continued until the closing of the Bureau's SIS office on April 4, 1947.

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e. Criminal Cases

(1.) [redacted], Selective Service Fugitive. [redacted] was an American citizen from Chicago, Illinois, who left the United States and went to live in Guatemala. He was declared a fugitive under the Selective Service Laws and was located in Guatemala by SIS

operatives and thereafter unofficially deported to the United States on November 20, 1943. He was subsequently brought to trial before a Federal Court at Saint Louis, Missouri, and was given one year's probation on the stipulation that he accept the terms of the probation and be inducted into the United States Army. [redacted] reluctantly accepted these terms. (25-154199)

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(2.) Robbery of U.S. Mail Between U.S. and Guatemala.

In March, 1944, the United States mail arriving in Guatemala was known to have been tampered with and certain pieces were missing. The SIS representative at Guatemala was present at the opening of subsequent mail sacks which were suspected to have been robbed and he transmitted to the Bureau seals for examination by the FBI Laboratory. The Laboratory found out that the seals had been broken and there apparently had been no effort to conceal the fact. Investigation in this matter was conducted which has brought about certain safeguards to be used in the future to prevent further tampering with the mail between the United States and Guatemala.

3. Personnel

NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Guatemala City	11/45 - 8/46	Undercover
		Guatemala City	1/43 - 12/43	Undercover
		Guatemala City	8/43 - 4/44	Undercover
		Guatemala City	8/43 - 9/44	Legal Attache
		Guatemala City	6/44 - 4/45	Undercover
		Guatemala City	1/46 - 10/46	Legal Attache
		Guatemala City	12/40 - 1/41	Undercover
		Guatemala City	9/41 - 1/42	Undercover
		Guatemala City	4/44 - 10/44	Official
		Guatemala City	10/43 - 9/44	Official
		Guatemala City	8/42 - 1/43	Undercover
		Guatemala City	6/44 - 11/45	Legal Attache
		Guatemala City	11/42 - 7/43	Undercover
		Guatemala City	2/42 - 7/42	Undercover
		Guatemala City	5/43 - 11/43	Undercover
		Guatemala City	5/43 - 10/43	Undercover
		Guatemala City	12/40 - 12/42	Undercover
		Guatemala City	2/45 - 4/47	Police Liaison Legal Attache
		Guatemala City	3/45 - 4/46	Official
		Guatemala City	5/46 - 8/46	Official
		Guatemala City	8/42 - 7/43	Legal Attache

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4. Bibliography

a. Principal Investigative Files

64-2200 General Miscellaneous File on Guatemala

64-2200-A Miscellaneous File on German Activities in Guatemala

64-2200-B Miscellaneous File on Japanese Activities in Guatemala

64-2200-C Miscellaneous File on Italian Activities in Guatemala

64-2200-D Miscellaneous File on Communistic Activities in Guatemala

64-2200-E Miscellaneous File on Spanish Activities in Guatemala

64-2200-F Miscellaneous File on French Activities in Guatemala

64-2200-G Miscellaneous File on British Activities in Guatemala

64-2200-H Miscellaneous File on American Activities in Guatemala

64-2200-N Miscellaneous File on Austrian Activities in Guatemala

64-2201 General File on Political Matters in Guatemala

64-2202 General File on Economic Matters in Guatemala

64-2203 General File on Social Matters in Guatemala

64-2204 General File on Foreign Agents in Guatemala

64-2204-A German Agents in Guatemala

64-2204-B Japanese Agents in Guatemala

64-2204-C Italian Agents in Guatemala

64-2204-D Communist Agents in Guatemala

64-2204-E Spanish Agents in Guatemala

64-2204-F French Agents in Guatemala

64-2204-H American Agents in Guatemala

64-2204-K Swiss Agents in Guatemala

64-2205 General File on Propaganda in Guatemala

64-2205-A German Propaganda in Guatemala

64-2205-D Communist Propaganda in Guatemala

64-2205-E Spanish Propaganda in Guatemala

64-2205-F French Propaganda in Guatemala

64-2205-G British Propaganda in Guatemala

64-2205-H American Propaganda in Guatemala

64-2206 General File on Foreign Penetration in Guatemala

64-2206-A German Penetration in Guatemala

64-2206-D Communist Penetration in Guatemala

64-2206-F French Penetration in Guatemala

64-2206-H American Penetration in Guatemala

64-2207 General File on Sabotage in Guatemala

64-2208 General File on Foreign Residents in Guatemala

64-2208-A German Residents in Guatemala

64-2208-B Japanese Residents in Guatemala

64-2208-C Italian Residents in Guatemala

64-2208-E Spanish Residents in Guatemala

64-2208-F French Residents in Guatemala

64-2208-H American Residents in Guatemala

64-2208-I Austrian Residents in Guatemala

64-2210 Military and Naval Matters in Guatemala

64-2211 General File on Foreign Firms in Guatemala

64-2211-A German Firms in Guatemala

64-2211-E Spanish Firms in Guatemala

64-2212 General File on Radio Stations in Guatemala

64-2216 Plant Surveys in Guatemala

64-309-213 Smuggling in Guatemala

100-341561-213 Labor Conditions in Guatemala

64-29833 Police Matters in Guatemala

64-200-213 Communist Movement in Guatemala

b. Administrative Files

64-4524 Office Administrative File for Legal Attache's Office, Guatemala City

64-4984-213 Office Monthly Reports for Legal Attache's Office, Guatemala City

64-4785 Living Conditions in Guatemala

67-383659 Office Personnel File for Legal Attache's Office filed under caption "Embassy, Guatemala City, Guatemala". The Inspection Reports for this office are filed separately.

64-4123-213 Informant File for Guatemala

c. Monographs

"Totalitarian Activities in Guatemala Today" General monograph covering various places of the Bureau's work in Guatemala. Printed July, 1944.

"Communism in Latin America" General monograph on Communism treated on a hemispheric basis. Page 31 deals especially with the Communist Movement in Guatemala. Published January, 1946.

"Labor-Communist Movement in Central America" Unpublished monograph which deals in part with labor and Communism in Guatemala. Prepared as of Fall 1946. Proof copy filed in Bureau Library.

S. HAITI

1. SIS Facilities and Objectives

Bureau representation in the Republic of Haiti was begun, insofar as regular SIS activities were concerned, in January, 1942, at which time a Special Agent was sent to that country as an advisor to the local police. This agent was subsequently attached to the U. S. Embassy at Port-au-Prince, Haiti, as Civil Attache. By May, 1943, three agents were assigned to Haiti. This number was reduced to two, a Civil Attache and an assistant, by February, 1945, and had been further reduced to only the Civil Attache by the time the office closed on April 28, 1947. Objectives in the coverage in Haiti were the development of contacts to enable this country to be aware of Axis penetration and control in Haiti and the obtaining of sufficient evidence to have any existing Axis threat eliminated. (64-4555)

2. Major Accomplishments

a. Internment Program

Subsequent to the declaration of war on the Axis during December, 1941, the Republic of Haiti conducted a program looking toward the internment of dangerous alien enemies in that country. The internment program terminated with the deportation to the United States of thirteen of the twenty-three most dangerous Germans in the country. The remainder were not considered sufficiently dangerous and were liberated by the government of Haiti. To a great extent many of the internments were brought about based upon information indirectly supplied to the Haitian government by the Civil Attache representing the Bureau. During 1943, information contained in the files of the Civil Attache at Port-au-Prince, Haiti, was reviewed for all matters of interest concerning individuals who had been interned by the local authorities as dangerous Axis Nationals and deported to the United States for further internment. Dossiers were prepared on each alien enemy who had been so interned, and the information was made available to the Alien Enemy Control Unit of the Department of Justice in appropriate cases. The activities of those aliens released by the Haitian government were followed by the Bureau's representatives in Haiti. (64-1401)

b. Political Coverage

During 1943 detailed information was gathered through the sources of the Civil Attache relative to an impending plot to assassinate President Elie Lescot by a group organized and led by a Dominican Consul in Haiti who was alleged to be acting at the instigation of President Trujillo of the Dominican Republic. The Bureau's Civil Attache informed the United States Ambassador fully and he expressed his appreciation to the Civil Attache for the coverage of this matter which might have led to serious difficulties between to two countries and could have effected United States relations with them.

A plot to assassinate President Elie Lescot was broken up on October 6, 1944, by positive action of the Port-au-Prince Police and March 1, 1945, a National Military Tribunal sanctioned the following sentences as a result of a secret trial of the eight conspirators: Two individuals were sentenced to death, two were sentenced to fifteen years imprisonment, two were sentenced to three years imprisonment, two were released for lack of evidence, and one individual was acquitted. The death sentences were later carried out. The Bureau representatives were able to follow these developments and keep the Bureau and the State Department representatives informed of day to day developments.

On January 7, 1946, students and professors of Port-au-Prince schools struck in protest to the closing by the Government on January 4, 1946, of the student radical newspaper, "La Ruchi", and also in protest against the continuance of President Lescot in office. By January 11, 1946, this strike had spread throughout the entire republic of Haiti and gathered widespread support. On January 11, 1946, President Lescot was forced to resign and a Military Commission assumed control of the government. President Lescot and his family, as well as many members of his cabinet, fled the country. The intriguing developments leading up to and following the deposing of President Lescot were closely followed by Bureau representatives who promptly reported developments. (64-23641)

c. Communist Activities

Subsequent to the political fall of President Lescot on January 11, 1946, the Military Committee in control held an election on May 12, 1946, for the purpose of electing candidates for the new Haitian legislature. The extreme leftist elements in Haiti were legally defeated in this election, and with the aid of the Communists staged demonstrations in protest of their defeat. Various persons were killed and wounded in the demonstrations that followed the elections. On May 27, 1946, the Military Committee declared martial law in Haiti in an effort to counteract the activity of the leftist candidates who continued to incite the populace. Twenty-three members of the Committee for National Defense, an organization of defeated leftist candidates, including Juste Constant, Secretary of the Communist Party of Haiti, were arrested and charged with conspiracy against the government.

There was no Communist movement of importance in Haiti until after the overthrow of the Lescot Government. Almost immediately thereafter the Legal Attache in Port-au-Prince reported the foundation of two Communist political parties. The one called the Communist Party of Haiti was described as being very small and as looked upon with disfavor by the Communist Parties of the other Latin American countries. The other party was known as the Popular Socialist Party of Haiti and was organized

by Max Hudicourt, a Haitian Communist of long standing, who was later elected as a senator. Hudicourt had been in exile in the United States prior to January, 1946, the date of the overthrow of the Lescot government in Haiti.

The group known as the Communist Party of Haiti supported the Estime Administration which was elected in August, 1946, and through its influence in the senate succeeded in getting passed a resolution favoring establishment of diplomatic relations with Russia. No tangible result appeared, however, subsequent to the passage of this resolution indicating any change with relations with Russia.

When the SIS office in Haiti closed in April, 1947, Juste Constant, Secretary General of the Communist Party, had just resigned the previous month and all indications were that significant changes in the organization were underway. (64-200-217)

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3. Personnel

The following Special Agents were assigned to SIS work in Haiti:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Port-au-Prince	2/45 - 7/46	Legal Attache
		Port-au-Prince	1/42 - 4/43	Legal Attache
		Port-au-Prince	9/40 - 11/40	Official
		Port-au-Prince	1/43 - 12/43	Official
		Port-au-Prince	6/44 - 11/44	Official
		Port-au-Prince	2/45 - 4/45	Legal Attache
		Port-au-Prince	10/41 - 8/42	Undercover
		Port-au-Prince	7/41 - 10/41	Undercover
		Port-au-Prince	1/43 - 4/43	Undercover
		Port-au-Prince	7/46 - 5/47	Legal Attache
		Port-au-Prince	8/43 - 7/44	Legal Attache

4. Bibliography

a. Principal Investigative Files

64-1400 General Miscellaneous File for Haiti

64-1400-A German Activities in Haiti

64-1400-B Japanese Activities in Haiti

64-1400-C Italian Activities in Haiti

64-1400-D Communist Activities in Haiti

64-1400-E Spanish Activities in Haiti

64-1400-F French Activities in Haiti

64-1400-H American Activities in Haiti

64-1401 Political Matters in Haiti

64-1402 Economic Matters in Haiti

64-1403 Social Matters in Haiti

64-1404 General File on Foreign Agents in Haiti

64-1404-A German Agents in Haiti

64-1404-B Japanese Agents in Haiti

64-1404-C Italian Agents in Haiti

64-1404-D Communist Agents in Haiti

64-1404-E Spanish Agents in Haiti

64-1404-F French Agents in Haiti

64-1405 General File on Propaganda in Haiti

64-1405-A German Propaganda in Haiti

64-1405-D Communist Propaganda in Haiti

64-1405-F French Propaganda in Haiti

64-1405-H American Propaganda in Haiti

64-1406 General File on Foreign Penetration in Haiti

64-1406-A German Penetration in Haiti

64-1406-C Italian Penetration in Haiti

64-1407 Sabotage in Haiti

64-1408 General File on Foreign Residents in Haiti

64-1408-A German Residents in Haiti

64-1408-B Japanese Residents in Haiti

64-1408-C Italian Residents in Haiti

64-1408-F French Residents in Haiti

64-1408-G British Residents in Haiti

64-1408-H American Residents in Haiti

64-1408-J Rumanian Residents in Haiti

64-1408-K Swiss Residents in Haiti

64-1410 Military and Naval Matters in Haiti

64-1411 General File on Foreign Firms in Haiti

64-1411-A German Firms in Haiti

64-1411-C Italian Firms in Haiti

64-1411-F French Firms in Haiti

64-1412 Radio Stations in Haiti

64-1414 Submarine Activities near Haiti

64-1416 Plant Surveys

64-309-217 Smuggling Activities in Haiti

64-200-217 Communist Movement in Haiti

100-341561-217 Labor Conditions in Haiti

b. Administrative Files

64-4555 Office Administrative File for Legal Attache's Office, Port-au-Prince, Haiti

64-4984-217 Office Monthly Reports for Legal Attache's Office, Port-au-Prince, Haiti

64-4684 Living Conditions in Haiti

64-4123-217 Informant File for Haiti

64-29833-217 Police Matters in Haiti

c. Monographs

"Totalitarian Activities in Haiti Today". General monograph covering various phases of the Bureau's work in Haiti, published March, 1946

"The Communist Movement in Latin America". General monograph covering Communism in Latin America, treated on a hemispheric basis, published January, 1946, page 31 refers to the Communist Party in Haiti.

"The Japanese in Latin America". General monograph covering Japanese activities in Latin America. Published November, 1945; page 68 refers to the Japanese in Haiti.

T. HONDURAS

1. SIS Facilities and Objectives

To successfully carry out the responsibilities which had been placed upon the Bureau by Presidential directive, in connection with intelligence matters in the Western Hemisphere, it was considered necessary to arrange for coverage of Honduras along with the other countries of Latin America. The first Special Agent was sent to Honduras in June, 1941, in an undercover capacity and this number was later increased to three. The Bureau was seriously handicapped in attempting to carry out the duties assigned by not being able to place a representative in the country to operate in an official capacity until September, 1944. All Bureau activity was carried on by representatives acting in undercover capacities without benefit of a representative acting in conjunction with the Honduran Government or an Attache in the American Embassy. From September, 1944 until April, 1947, at which time the Bureau office closed, the Bureau had a Legal Attache assigned to the U. S. Embassy in Tegucigalpa, Honduras. As in the other countries of the Western Hemisphere, the objectives for agents sent to Honduras were to determine the extent of Axis penetration, to uncover Axis agents, and to determine the identities of collaborators and sympathizers. (64-4576)

2 Major Accomplishments

a. Internment Program

Bureau personnel in Honduras during 1942-1943 submitted considerable information on individuals who were deported for internment in the United States. This information generally consisted of reports concerning movements and activities of Axis nationals and suspected persons. A total of 129 persons were deported from Honduras during this period. This figure included the wives and families of the individuals being interned in the United States. A few of the more important Axis nationals sent to the United States for internment were:

Eric Paysen	Enrique Faasch
Detlef Paysen	Federico Januschek
Werner Richbieth	Walter Bolle

Several individuals and firms including Hoehm and Faasch, Casa Konke, Juan Doborow, and Karl Koster were subsequently placed upon the United States Proclaimed List of Certain Blocked Nationals after information concerning them had been submitted by the Bureau. (64-2311-A-3027; 64-2304-12, 10; 64-2300-61)

In addition to the foregoing, an internment of particular interest concerned one Hans Wallhaeusser who was a German national of approximately 49 years of age, and who came to Honduras in 1930 from Germany. He secured

employment with the United Fruit Company. SIS personnel developed the fact that Wallhaeusser became a Nazi propagandist, and organized and distributed such propaganda throughout Honduras. He also secured information and reported upon the activities of Germans in Honduras to the German authorities in Europe. He was a close associate of pro-Nazi Germans in Honduras and was the unofficial leader of the Nazi Club in San Pedro Sula. He was also a member of the Auslands Institute of Stuttgart, Germany. This evidence developed by SIS personnel was responsible for having the subject interned. (65-32409)

b. Communism

Investigations by SIS personnel showed that there was very little organized Communist activity in Honduras. There were individual Communists. In 1925 there appeared some evidence of Communist propaganda and attempts of organization of labor groups. However, since 1933 when Tiburcio Carias became President, no reports have been received concerning Communist activity on any organized basis in Honduras. Information was developed by SIS personnel indicating possible attempts at a revival of Communist activity in the north coast region; however, evidence was lacking as to any success in this regard. There were indications that the late Constantin Cumansky, Russian Ambassador to Mexico, intended to extend the Communist sphere of influence in the Central American Republics. Communism was energetically suppressed by the Cari b7C
government during the time SIS had representatives in Honduras. (64-20 b7D)

c. Coverage of Political Activity

Through the development of confidential informants and reliable sources of information the Bureau was kept well informed concerning political matters in Honduras. In this connection a Bureau representative was able to secure information and advise the Bureau in advance of other intelligence services of the intended assassination of President Tiburcio Carrias Andino on November 21, 1943. This agent through his informants was able to secure information and report on the manner in which the plot was discovered and frustrated two days before schedule and was able to give the names of the individuals involved. This agent was also able to secure the names and numbers (approximately 350) of the political prisoners in the jails of Honduras, including their terms, some of which had extended for ten to twelve years, and the places of their incarceration. It is of particular interest to note that this information evidently was never secured by any other intelligence agency operating in that Republic. Such coverage was maintained until the time the Bureau Office was closed in April, 1947. (64-2301-84)

d. Alleged Misconduct of Embassy Secretary b7C

[redacted] United States Embassy at Tegucigalpa, Honduras, was charged [redacted] in Honduras, with attempting to extort $25,000 from Magnus Zepelin, a

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wealthy German who resided in San Pedro Sula, Honduras. The money was to be paid [redacted] in exchange for certain official favors which he was to grant Zepelin, resulting in the protection of Zepelin's property and also arranging matters so that Zepelin would not be interned as a German national. The State Department manifested acute interest in this allegation developed by SIS and requested the Bureau to investigate and ascertain the facts in the case.

Bureau SIS personnel were informed [redacted] that the pay-off which was to occur was called off. [redacted] contacted Zepelin at San Pedro Sula on or about December 6, 1944, in an attempt to arrange for the payment of the money, but before he could bring the subject up, Zepelin told him that he was "all set" and had nothing to worry about, and [redacted] and all the Americans in Honduras "could go to hell."

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On December 11, 1944, [redacted] contacted the subject, [redacted] in Tegucigalpa, Honduras, and advised him of his conversation with Zepelin, at which time [redacted] said that [redacted] told him that a decision was pending at the State Department relative to the Germans in Latin America. [redacted] indicated that it would probably take two months to definitely formulate and determine the nature of this decision, and that, therefore, [redacted] should take no further action at the present time. According to [redacted] indicated that if the State Department agreed to the deportation of additional Germans, then Zepelin would be a logical person to list for deportation at which time [redacted] could reapproach Zepelin as to the pay-off of $25,000. The bank accounts of [redacted] and Magnus Zepelin were checked with negative results. The facts in the case were summarized and submitted to the State Department. (64-30243)

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3. Personnel

The following Special Agents were assigned to SIS work in Honduras:

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Tegucigalpa	10/44 - 12/44	Undercover
		Tegucigalpa	4/45 - 4/47	Legal Attache
		Tegucigalpa	7/42 - 2/43	Undercover
		Tegucigalpa	3/42 - 7/42	Undercover
		Tegucigalpa	7/42 - 5/43	Undercover
		Tegucigalpa	5/43 - 12/44	Undercover
		Tegucigalpa	3/43 - 8/43	Undercover
		Tegucigalpa	9/44 - 8/46	Legal Attache
		Tegucigalpa	6/41 - 7/42	Undercover

4. Bibliography

a. Investigative Files

64-2300 General Miscellaneous File on Honduras

64-2300-A General File on German Activities in Honduras

64-2300-B General File on Japanese Activities in Honduras

64-2300-C General File on Italian Activities in Honduras

64-2300-D General File on Communist Activities in Honduras

64-2300-E General File on Spanish Activities in Honduras

64-2300-F General File on French Activities in Honduras

64-2300-G General File on British Activities in Honduras

64-2300-H General File on American Activities in Honduras

64-2300-K General File on Swiss Activities in Honduras

64-2300-L General File on Swedish Activities in Honduras

64-2301 Political Matters in Honduras

64-2302 Economic Matters in Honduras

64-2303 Social Matters in Honduras

64-2304 General File on Foreign Agents in Honduras

64-2304-A German Agents in Honduras

64-2304-B Japanese Agents in Honduras

64-2304-C Italian Agents in Honduras

64-2304-D Communist Agents in Honduras

64-2304-E Spanish Agents in Honduras

64-2304-F French Agents in Honduras

64-2304-G British Agents in Honduras

64-2305 General File on Propaganda in Honduras

64-2305-A German Propaganda in Honduras

64-2305-E Spanish Propaganda in Honduras

64-2305-H American Propaganda in Honduras

64-2306 General File on Foreign Penetration in Honduras

64-2306-A German Penetration in Honduras

64-2306-B Japanese Penetration in Honduras

64-2306-C Italian Penetration in Honduras

64-2306-E Spanish Penetration in Honduras

64-2306-F French Penetration in Honduras

64-2306-G British Penetration in Honduras

64-2307 Sabotage in Honduras

64-2308 General File on Foreign Residents in Honduras

64-2308-A German Residents in Honduras

64-2308-C Italian Residents in Honduras

64-2308-E Spanish Residents in Honduras

64-2308-F French Residents in Honduras

64-2308-H American Residents in Honduras

64-2308-K Swiss Residents in Honduras

64-2308-N Austrian Residents in Honduras

64-2310 Military and Naval Matters

64-2311 General File on Foreign Firms in Honduras

64-2311-A German Firms in Honduras

64-2311-C Italian Firms in Honduras

64-2311-F French Firms in Honduras

64-2311-G British Firms in Honduras

64-2312 General File on Radio Stations in Honduras

64-2316 Plant Surveys in Honduras

64-29833-218 Police Matters in Honduras

100-341561-218 Labor Conditions in Honduras

64-200-218 Communist Movement in Honduras

64-309-218 Smuggling in Honduras

b. Administrative Files

64-4576 Office Administrative File for Legal Attache's Office, Tegucigalpa, Honduras

64-4984-218 Office Monthly Reports for Legal Attache's Office, Tegucigalpa, Honduras

64-4632 Living Conditions in Honduras

67-400520 Office Personnel File filed under caption "Embassy, Tegucigalpa, Honduras". The Inspection Reports for this office are filed separately.

64-4123-218 Informant File for Honduras

c. Monographs

"Totalitarian Activities in Honduras Today". General monograph covering the various phases of the Bureau's work in Honduras. Published September, 1942.

"The Communist Movement in Latin America". General monograph covering Communism in the countries of Latin America treated on a hemispheric basis. Published January, 1946; page 32 deals with Communism in Honduras.

"The Japanese in Latin America". General monograph covering Japanese Activities in Latin America. Published November, 1945; pages 57 and 58 deal with the Japanese in Honduras.

"Labor-Communist Movement in Central America". Unpublished monograph which deals in part with labor and Communism in Honduras. Prepared as of Fall 1946. Proof copy filed in Bureau Library.

U. Italy

1. S.I.S. Facilities and Objectives

In cooperation with the War Department, for liaison purposes, an Agent was assigned on October 1, 1943, with the Advance Intelligence Group of the A.F.H.Q. which progressed as the Italian campaign advanced. With the taking of Rome, an office was established in that city and a total of seven agents and one stenographer were assigned to work in close cooperation with the Army. One of the main purposes of this liaison was to afford the Bureau an opportunity to promptly interview individuals suspected of treason, for collaborating with the Axis, and to gather evidence in such cases.

In July, 1945, one Special Agent was assigned to the reopened U. S. Embassy in Rome as Legal Attache for regular liaison work.

The Special Agents assigned to Army liaison were recalled from Italy in October, 1945, as a result of a recommendation by General Edwin L. Siebert, G-2 Chief, European Theatre, that the total personnel of the Bureau in Italy, France, Germany and Austria be reduced to two Agents. The Bureau could not properly operate in such a large area with two Agents and all were consequently withdrawn.

The Legal Attache assigned to the U. S. Embassy in Rome continued in that position in regular police liaison work until October, 1946, at which time the office was closed. (66-16294)

2. Major Accomplishments

a. Brackx Espionage Case

The FBI liaison unit attached to the Army in Rome developed several important cases for the Bureau. One of the two most important was the case involving Captain Laurent Brackx, German espionage agent, who was indicted for treason and tried in New York for espionage against the United States in April, 1945. Brackx was convicted of this charge and sentenced to eleven years in prison. A great deal of evidence against Brackx was secured by the Bureau's agents in Rome. Max Ponzo of the Italian Naval Intelligence Service who recruited Brackx for his espionage mission was brought to the United States at the insistence of the Bureau and he testified at the trial against Brackx. (65-28933)

b. Pound Treason Case

Another of the more important cases investigated by Bureau Agent's in Italy was that of the treason case against Ezra Pound, an American citizen, who acted as one of the chief Fascist propaganda agents against the United States. Bureau Agents in Italy interviewed Pound and located a considerable amount of material in Italy concerning his propaganda activities for the Axis. Original records of payments by the Italian Government to Pound were located as well as the original broadcast records made by Pound in radio studios in Rome. These were forwarded to the Bureau and turned over the Department of Justice for use in the treason trial of Pound. Pound was indicted for treason but was

placed in an institution for the insane prior to conviction. The indictment against him is still outstanding. (100-34099)

c. Informant Coverage and Investigation of Local Matters

The liaison unit in Rome was of considerable assistance to the United States Embassy in investigating numerous individuals who, after the end of the war in Europe claimed to be United States citizens and applied for visas to return to the United States. In addition, the Liaison Agent assigned to the Embassy was very successful in developing information of value on the extremely delicate Yugoslav political situation and the conflicting claims between Yugoslavia and Italy on the Port of Trieste and the Province of Venezia Giulia. These informants revealed that Marshal Tito of Yugoslavia was conducting a Soviet-inspired reign of terror in that country. (64-4123-233)

Liaison was maintained on friendly terms with the various Army Intelligence units up to an including the time of the closing of the office in October, 1946. By the time the office was closed informants had been developed in the [redacted], and [redacted] which is [redacted] in Rome. (64-4123-233)

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3. Personnel

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Travel		
		Algers	10/43 - 11/45	Army
		Travel	8/44 - 3/45	Army
		Travel	8/44 - 9/45	Army
		Rome	6/45 - 10/45	Army
		Rome	7/45 - 11/45	Army
		Rome	3/45 - 4/45	Army
		Rome	7/45 - 11/45	Army
		Rome	7/45 - 10/46	Official

4. Bibliography

66-16294 Office Administrative File for Rome, Italy.

67-405022 Office Personnel File for Legal Attache's Office, Rome, Italy filed as "Embassy, Rome, Italy". The inspection reports for this office are filed separately.

V. JAMAICA, BRITISH WEST INDIES

1. SIS Facilities and Objectives

The first Special Agent to be assigned to Liaison duties at Jamaica arrived at that post in March of 1942 and the Bureau maintained one Special Agent at that place until the office was closed on April 13, 1944. The purpose of such assignment was for liaison with the British Censorship Station maintained at that point. The Censorship at Jamaica included the questioning of crews and passengers on ships as well as all mail clearing through that point. (64-4729)

2. Major Accomplishments

a. Censorship Liaison

Due to the fact that the Bureau had a representative in Jamaica during the major portion of time consumed by the European phase of the recent war, the Bureau had close observation of all censorship material and the results of questioning of suspicious individuals traveling through or entering Jamaica were also made available. Some of the individuals interrogated by the British at Jamaica were interned at that point for the duration of the war. The reasons for such internments and copies of interrogations were made available to the Bureau. As a result of the close cooperation existing during the pertinent period, the Bureau was able to have names placed on the British censorship watchlist which aided in the following of the activities of those individuals in whom the Bureau was interested. This was especially helpful in many of the Bureau's espionage and neutrality act cases investigated during the SIS program. (64-4729)

b. Benjamin Katz

In the case of Benjamin Katz, who arrived in Jamaica, December 6, 1942, it was determined through the Bureau's SIS representative that false passports had been used by this individual. Katz had corresponded with a New York law firm regarding his entry into the United States which would have in all probability been allowed had the SIS representative not been in a position to investigate the matter in Jamaica. (64-25196)

3. Personnel

The following Special Agents were assigned to SIS work at Jamaica, B.W.I.

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Name	SIS No.	City	Date	Assignment
[redacted]		Kingston	3-43-9-44	Official
		Kingston	3-42-4-43	Official

4. Bibliography

a. Investigation Files

64-29533 Police Matters File

b. Administrative Files

64-4729 Office Administrative File for Jamaica, B.W.I.

64-4984-219 Office Monthly Reports File for Jamaica, B.W.I.

64-4915 Living Conditions in Jamaica, B.W.I.

67-383650 Office Personnel File filed as Liaison, Kingston, Jamaica.

W. JAPAN

1. SIS Facilities and Objectives

On September 2, 1945, the first Special Agent arrived at Yokohama, Japan, with the first echelon of the Counter-Intelligence Corps of the Army. He was followed on September 15, 1945, by a Bureau Inspector and another Special Agent who arrived in Tokyo with Brigadier General Elliott E. Thorp in command of intelligence activities in the Asiatic Theater. The objectives of these two agents, the Inspector having returned to the Bureau after a short time, were to see that special "targets" of interest to the Bureau were listed by the army Intelligence Units in order that the Bureau would be assured of obtaining full information when it became available, and to maintain on-the-spot liaison with the army in order to investigate cases in which the Bureau had a primary interest such as treason cases relating to persons collaborating with the Japanese. The liaison post at Tokyo was closed on August 30, 1946, inasmuch as such close liaison was no longer deemed necessary. (66-16335)

2. Major Accomplishments

a. Tokyo Rose

One of the major accomplishments of the liaison agents in Japan was the complete investigation conducted in the case involving Ikuko Toguri, popularly known as "Tokyo Rose". This woman's activities received wide publicity in the United States during the war. Toguri was interviewed by Bureau Agents and a signed statement was secured from her setting forth her background and the history of her work with the Japanese in their propaganda efforts. On July 28, 1948, the Attorney General of the United States instructed that she be brought to the United States and it is to be expected that in all probability that an indictment and prosecution will follow. (61-11000)

b. [redacted] b7C

Another case which caused considerable interest was the treason case involving [redacted], who collaborated with the Japanese during the period of his internment at Camps Surugadai and Bunka in Japan. Bureau Agents furnished a complete report in instant case and although the case was presented to the Department of Justice no indictment was authorized. (61-11249)

c. Sunset Case

In the filed of German-Japanese activity, the Bureau's representatives at Tokyo were able to secure a considerable quantity of information concerning the Sunset Case, which originated at Lisbon, Portugal, and which involved members of the Japanese Diplomatic Staff in that city. One of those involved

was Masutaro Inoue. This man was interviewed by a Bureau Agent in Tokyo in May, 1946, at which time he admitted his connection with Fritz Cramer, also implicated in the case. (65-55523-189)

d. Political Affairs

By letter dated May 24, 1946, one of the Agents assigned in Tokyo transmitted to the Bureau a memorandum covering the events in Japan from 1931 leading up to the war with the United States. Also included was a copy of a signed statement of Shigenori Togo, Minister of Foreign Affairs in the Tojo Cabinet from October 18, 1941, to September 1, 1942. Togo's statement is interesting in connection with the Pearl Harbor inquiry in that he covered the negotiations between the United States and Japan from his knowledge as Minister of Foreign Affairs. His statement outlines the course of action followed by the Japanese during the negotiations leading up to the attack on Pearl Harbor. Of particular interest in this statement is the reference to the note of Cordell Hull on November 26, 1941 which, Togo stated, was accepted by the Japanese as an ultimatum from the United States. (100-97-1-464)

e. Communist Activities

In addition to the information referred to above, the Bureau representatives at Tokyo also secured a large volume of material concerning general intelligence matters such as the Communist Party of China, the Communist Party of Japan, the personnel and activities of the Soviet Military Mission in Japan and data concerning the Japanese intelligence system during the war.

3. Personnel

The following Special Agents were assigned to SIS work in Japan:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Tokyo	3/46 - 9/46	Army
		Tokyo	12/45 - 7/46	Army
		Tokyo	9/45 - 9/46	Army

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4. Bibliography

a. Investigative Files

61-11000 Tokyo Rose Treason Case

61-11249 [redacted] Treason Case b7C

b. Administrative Files

66-16335 Office Administrative File

67-409533 Office Personnel File filed under "Liaison, Tokyo, Japan"

HISTORY OF THE

S. I. S. DIVISION

VOLUME 3

ACCOMPLISHMENT

MEXICO - VENEZUELA

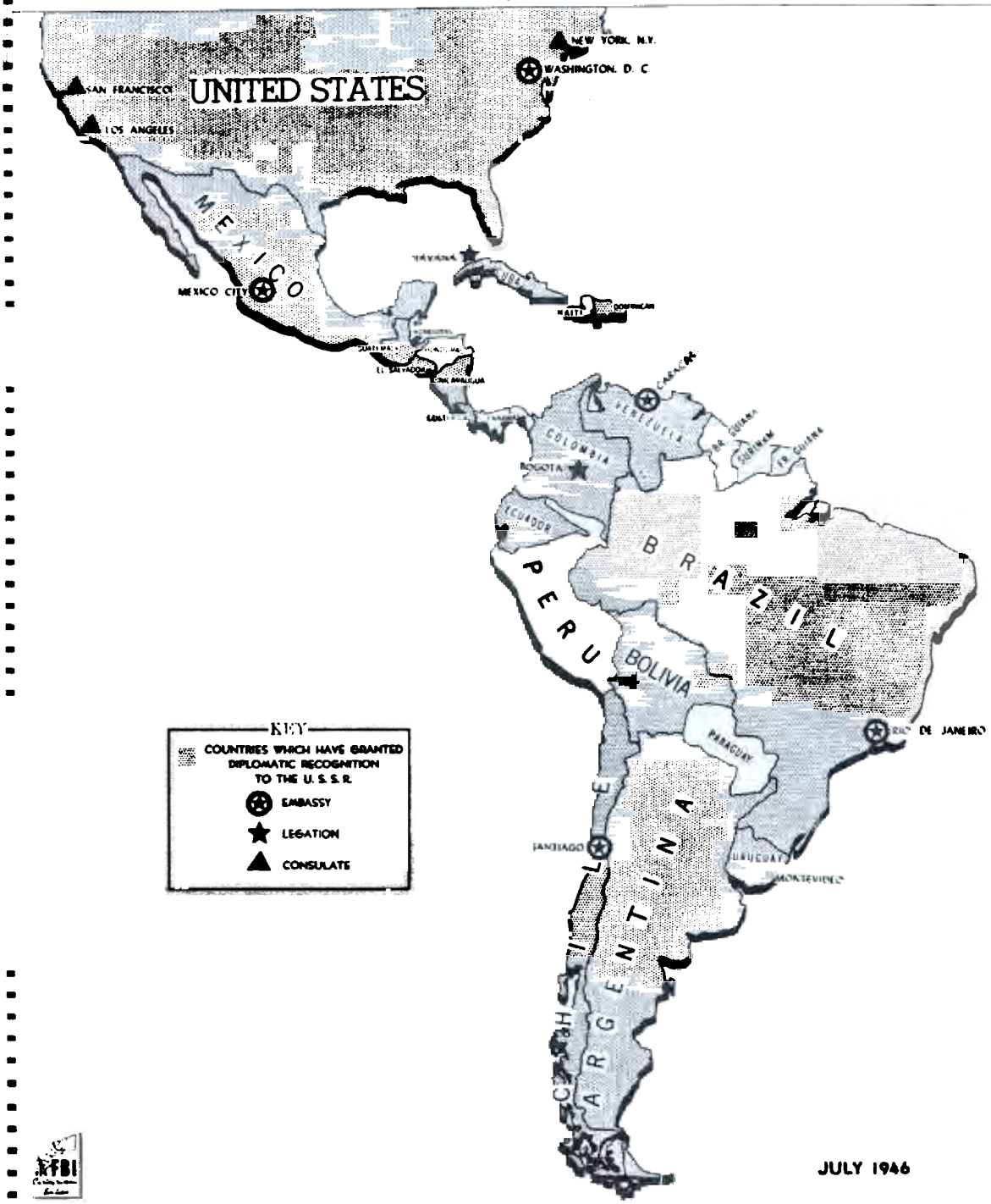
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
[illegible] Director

SECRET

Foreign Missions of the Soviet Union in the United States and Latin America

STATUS OF DIPLOMATIC RECOGNITION

JUNE, 1946



FBI

JULY 1946

G. Riggs "A"

SECRET

X. MEXICO

1. SIS Facilities and Objectives

SIS operations, as such, began in Mexico in August, 1940, when two undercover Agents were assigned to that Republic for a brief period of time. In October, 1940, the then Special Agent in Charge of the San Antonio Field Office was sent to Mexico City in an official capacity and attached to the American Embassy. He was the first SIS representative to have an official status in any of the Latin American countries. This Special Agent in Charge, during the years of his assignment in San Antonio, had developed many valuable contacts in Mexico City and had spent some time in Mexico prior to his open assignment as an official of the Bureau engaged in police training work.

When this representative's assignment to the American Embassy was placed on a permanent basis, he was given the title of "Civil Attache" in contrast to the title "Legal Attache" which was used in most of the other countries, because of the American Ambassador's objections to the latter title.

In March, 1941, four undercover men were assigned to various parts of Mexico. During the following months coverage was expanded until the summer of 1943 when an average of forty Agents was maintained in that country. By August, 1946, when the final process of closing the SIS program in Mexico was started, there were fourteen Bureau representatives attached to the Office of the Civil Attache. When the SIS program was finally terminated in April, 1947, two Agents were retained in a liaison capacity due to the nature and volume of the Bureau's work handled in Mexico.

During and after the war, the Civil Attache's Office occupied space in or near the buildings of the American Embassy in Mexico City. For some time the office occupied space apart from the other branches of the Embassy in a building across the street from the Chancellery. After the war, reduced space was taken in the Chancellery building for a short time and the office was finally moved to another building near the Military Attache's office.

Due to the proximity of Mexico to the United States and the unhampered travel between the two countries the problems facing the Bureau's representatives in Mexico were more numerous and somewhat different from those facing the SIS offices in other countries. In addition to foreign intelligence operations, the office of the Civil Attache in reality functioned as another regular Field Office. This was necessitated by the large number of fugitives from the United States who crossed the border into Mexico. As an indication of the volume of work handled, it may be noted that during the three month period from October 1, to December 31, 1944 the monthly average of cases pending in the Civil Attache's Office was between four hundred and fifty and five hundred. During that same period, one hundred and ninety-

nine cases were opened in that office and one hundred and sixty-eight were closed on the termination of the investigations. Most of the remainder involved security and intelligence matters which, due to their nature, remained in a pending status.

The Bureau's criminal investigations in Mexico were considerably hampered, when in early 1944, a protest was made by the Mexican authorities against Bureau Agents crossing the international border on official matters. This termination of border crossing facilities greatly hampered the work of the Civil Attache's office, and meant that personnel had to be dispatched from Mexico City to the northern parts of the Republic which were far more accessible to the domestic field offices near the border than they were to Mexico City.

The principal obstacle to more extensive coverage in Mexico was the attitude of United States Ambassador George S. Messersmith. Despite the fact that the American Embassy staff in Mexico City was one of the largest in the world, Mr. Messersmith refused to allow more than a handful of Bureau representatives in Mexico and did not permit the assignment of Agents to the various consulates throughout the country. For this reason it is necessary to utilize a high percentage of undercover Agents. Mr. Messersmith also denied every Bureau request for the installation of a radio station in Mexico City, thus leaving Mexico as the only large country in which the Bureau had neither radio facilities nor Agents assigned in the various consulates. Aside from telephonic connections, which left much to be desired, the most rapid means of communication with the Bureau representatives in Mexico City was by coded cablegrams through the State Department, which at times resulted in a lapse as great as two and one half days between the hour of transmittal and that of the receipt. (64-4104)

In Security Matter cases, the investigations conducted by the Bureau's SIS representatives in Mexico were concerned not only with collecting information of value from an intelligence standpoint, but also from the standpoint of possible prosecution of enemy agents by the Mexican government. In several of the most important instances, however, the cases had ramifications in the United States and the investigations were conducted with the possibility in mind that prosecution might be undertaken in the United States.

Due to the varied interests of the Bureau in Criminal and Security cases in Mexico it was necessary for the SIS Agents to obtain wide coverage. Informants were therefore developed who could be sent to any part of the Republic to follow various leads. [redacted] were examples of investigative facilities developed by the Civil Atiache's office. [redacted] was headed by a long-time friend and [redacted] the Bureau's Agents. During 1944, in particular, [redacted] devoted practically its entire time and personnel to gathering information for the Civil Attache. Under authority conveyed by the [redacted]

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answering specific questions. Through this contact the Bureau's representatives were able to secure background information, photographs and handwriting or typewriting specimens of various subjects in whom they were interested. Through the which maintained a large staff of part-time investigators, similiar information was also obtained. which were submitted to various filling out were actually drawn up by the Bureau's Agents in order to obtain various types of information which would be of assistance in espionage and other types of cases.

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During the war, facilities were available to the Civil Attache's office through of one of the Bureau's b7D man who held the position The Through his position this Agent was able material that was of interest to the Civil Attache's office.

In addition to these facilities it might be mentioned that SIS operations in Mexico involved a wider use of undercover men on a percentage basis than in most other countries. Early in the SIS program in Mexico one undercover Agent was able to penetrate the German colony and to attend the German propaganda school. Later other Agents were utilized in penetrating the Mexican Communist Party, the Spanish Falange and the Communist-dominated so-called "Free" European Movements.

By the time SIS operations closed in Mexico the Bureau's representatives had developed very extensive and successful coverage of all matters of interest to the Embassy and to the Bureau.

2. Major Accomplishments

a. German Activities

The German Colony in Mexico was one of the best organized in Latin America. As of April 1942, it was estimated that the total German population in Mexico, including persons of German extraction, was 16,250. Nazi Agents found this group to be a fertile field for Propaganda. Both willingly or through pressure many of the Germans in Mexico joined the Nazi Party which was well organized into districts based on seven geographical subdivisions of the country.

Other organizations through which the Nazis reached the German population were the German School, the Hitler Youth, and the German Chamber of Commerce.

Several of the large German commercial firms in Mexico such as Beick, Felix and Company, and the Bayer Company were useful to the German government not only as a cover for espionage agents but also as a means of exerting pressure on the important newspapers in Mexico to publish German propaganda news. Through economic pressure brought by the large advertisers to bear upon Mexican newspapers and by offering news service at extremely low rates, the Nazis succeeded in having their Transocean News Service releases published in most of the important Mexican newspapers.

Prior to the war and shortly after it began, most German activities in Mexico were controlled by members of the German Embassy staff. In these matters, the German Ambassador, Baron Ruedt Von Collenberg served merely as a figure-head. The principal control of espionage and propaganda activities was in the hands of Arthur Dietrich, the Commercial Attache whose flagrant activities caused him to be expelled from Mexico as persona non grata in the latter part of 1940. He was replaced as Commercial Attache and principal diplomatic figure in espionage and propaganda matters by Hans Burandt.

A short time prior to the opening of hostilities in Europe, the Germans laid the ground work for an undercover espionage organization which would be able to function in case that hostilities might extend to the Western Hemisphere and the German agents be forced to operate within enemy territory. This organization, while collaborating with the Embassy was entirely independent and was able to continue functioning after the diplomatic staff departed from Mexico.

Due to the natural antipathy of most Mexicans toward the United States, the German agents found many ready listeners for their propaganda and were able to recruit many native Mexicans to aid in their propaganda and espionage services. b7C

(1.) [redacted] Case. Due to the fact that Mexico was one of the principal centers of German activities in the Western Hemisphere, the number of cases requiring investigation was exceptionally high. In addition to these genuine cases, the work of the Bureau's representatives was increased by allegations made by irresponsible informants of the Military and Naval Attaches. One such incidence was that of Elsie Pearl Shriber of Boulder City, Nevada.

Considerable investigation of this woman was conducted both in the United States and by SIS in Mexico from October 1942 to July 1943, based upon information furnished by the Office of the Military Attache in Mexico City. According to this information, [redacted] had arranged to communicate by code with supposed Nazi agents in Mexico after returning to the United States in October 1942. In July 1943, information was received from a SIS informant which indicated that [redacted] had been a victim of an entrapment scheme concocted by certain informants of the Military Attache's Office who, working on the premise that she was a German spy devised various schemes to

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get her to commit herself. A thorough inquiry by SIS in Mexico verified the SIS Informant's report and revealed that [redacted] had not, in fact, arranged to communicate by code but on the contrary, when such a plan was suggested to her, had told the supposed Nazi agent that he was stupid to attempt such communications which might cost him his life. It was further ascertained that the supposed Nazi agent who endeavored to entrap [redacted] was an employee of [redacted] an informant of the Military Attache's Office. The information obtained as a result of SIS inquiries into this matter was furnished to the Office of the Military Attache and to the Military Intelligence Division in Washington. (100-36875)

(2) Apprehension of Gerhard Wilhelm Kunze. In November, 1941, Gerhard Wilhelm Kunze, former head of the German-American Bund in the United States, entered Mexico for the purpose of renouncing his American citizenship and returning to Germany to aid the enemy's war effort. The Bureau's representatives in Mexico conducted extensive investigations for the purpose of locating Kunze and having him apprehended. The cooperation of the Mexican military police and the Mexican Department of Gobernacion was obtained and pictures of Kunze were circulated among the agents of these departments as well as among the various American Consuls in Mexico. b b

A confidential informant of the El Paso Field Division, [redacted] who was acquainted with Kunze and knew a number of German individuals in Mexico who aided Kunze, was sent into Mexico in an attempt to locate him.

[redacted] contacted one [redacted] in Mexico City who was later arrested by the Mexican authorities for aiding Kunze. [redacted] revealed to the informant Kunze was in the vicinity of Veracruz and on June 30, 1942, Kunze was arrested at Boca del Rio, Veracruz by the Mexican military authorities. He was found to be using the name of Alfonso Oraf Cabiedes and to be in possession of a birth certificate in that name showing him to be a Mexican citizen.

At the time of his arrest Kunze was in the process of having a 25-foot boat built and had purchased approximately $150 worth of provisions and supplies. He told the natives that he had heart trouble and wished to take a pleasure trip in the vessel, but later admitted that he intended to sail the boat to friendly territory so that he could make his way back to Germany. He also stated he had attempted to obtain forged passports through friends in Mexico but had been unable to do so. As soon as Kunze was arrested, the Bureau's representative was notified and a positive identification was established.

Through the cooperation of the Department of Gobernacion, Kunze was flown on July 4, 1942 from Mexico City to Brownsville, Texas, where he was turned over to Bureau agents. The cooperation of Mexican authorities in this matter was exemplified by the fact that they did not insist on the formality of extradition proceedings in order to turn Kunze over to the

American authorities, nor did they give any publicity to the capture of Kunze prior to the time that publicity in the case was issued by Bureau authorities in the United States.

b

Much of the fine cooperation in this case was due to the work of [redacted] who later was given intensive training at the Bureau in preparation for his duties as [redacted] (65-13582-185)

(3.) Ernst Oscar Hopf. Ernst Hopf was known as "America's No. 2 Nazi." For many years he resided in the Bronx Section of New York City and was a partner of "Baron" Joachim Freiherr von Wimmersperg in the operation of the Deutscher Handels und Wirtschaftsdienst, with offices directly under those of the German Consulate at 17 Battery Place, New York City. Wimmersperg deserted his adopted country, the United States, to return to Germany. Hopf was a member of the N.S.D.A.P. and returned to his fatherland nearly every year after he first came to the United States in 1926.

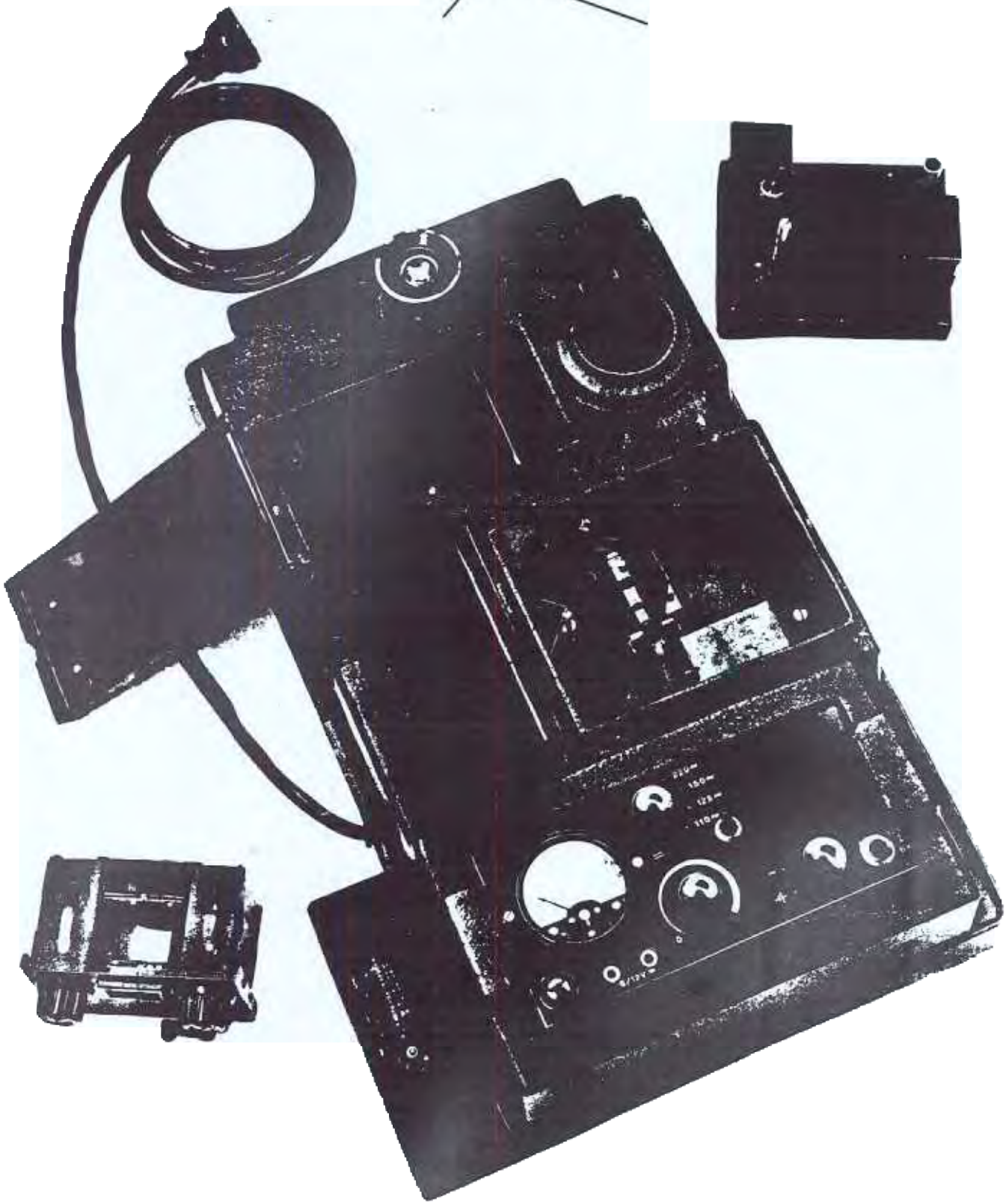
When Hopf's number came up in the draft he crossed the Mexican border under the assumed name of Herman Dietz in August, 1941. SIS representatives, however, succeeded in locating him. He was apprehended by Mexican Government agents and incarcerated as an alien dangerous to the security of Mexico. He was eventually deported by the Mexican Government to Laredo, Texas, where he was arrested by Bureau Agents.

On October 13, 1943, after a trial in Federal District Court in New York City he was sentenced to three years in prison for violation of the Selective Service Act. (65-9524; 25-88355)

(4.) The Mexican Microdot Case, or "Clog Case". The Mexican Microdot Case was the largest and most important espionage case investigated by the Bureau's SIS Agents. It involved more than fifty main subjects and had ramifications in the United States, Columbia, Brazil, Argentina, Uruguay, and Chile. It was given the code name "Clog Case". While this group maintained its headquarters in Mexico City it received reports from, and transmitted messages to, individuals in the other countries involved. The group in Mexico, as the investigation developed, proved to be composed of three separate espionage rings operating under orders from Ast Berlin, Ast Hamburg, and Nest Cologne. The common denominator of these rings was their principal means of communication through micro-photographs. At various times these agents utilized code messages, secret inks, and clandestine radios. The chief means of communication on which they relied, however, after their radio station was closed down was the system of micro-photographs which has been termed the outstanding development in espionage communication during the recent war.

The micro-photograph system employed by the German intelligence organizations was a product of German scientific genius. Under this method,

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GERMAN MICRODOT APPARATUS

477

espionage material was photographed and reduced in size on especially sensitized film to a microscopic size. Some of these finished microdots were the size of a period on a typewriter, while others were slightly larger. The finished dot was concealed on letters or other material which was mailed through regular channels to German drop boxes in Europe from where it was forwarded to German Intelligence Headquarters. In other instances, microdots were found concealed in the clothing of couriers or agents returning to Europe from the Western Hemisphere.

While most of the German agents received instructions in the enlargement of microdots so that they might receive instructions from Germany through this means, the production of microdots was too complicated for the majority of them to handle. The production, therefore, was centered in one man who was trained for this purpose. This man's services were utilized by Hans Burandt, of the German Embassy on occasion and by the various German espionage rings operating in Mexico. It was for this reason that the "Clog Case" involved more than one operating espionage ring.

Investigation of the case began in 1940 as an off-shoot of the "Ducase" and it first centered around Frederich Karl Von Schlebrugge and George Nicolaus, the leaders of the espionage group reporting to Ast Berlin. Extensive investigation developed the contacts and many of the activities of these individuals. In April, 1941, Von Schlebrugge left Mexico enroute to the Orient. It was some time before investigation verified his reported departure inasmuch as his brother, Franz Freiherr Von Schlebrugge, who also resided in Mexico, impersonated him and visited many of his old haunts subsequent to his departure. SIS investigations, however, finally verified the fact that Frederic Karl Von Schlebrugge had departed from Mexico and that the person who had impersonated him was his brother.

Following Von Schlebrugge's departure from Mexico, the principal figure in the Ast Berlin ring, which was the largest of all the espionage groups operating in Mexico, was George Nicolaus. This individualb activites were known to SIS Agents for some time before he was denounced to the Mexican government by his former landlady and paramour, Maria Teresa Quintanilla, as a German spy, on April 25, 1941.

Nicolaus and Von Schlebrugge had organized a highly effective espionage organization and at first communicated with Germany by code messages, secret inks, and clandestine radio. For radio facilities they enlisted the services of Carlos Retelsdorf, the Mexican of German decent who owned a coffee plantation near Coatepec, Veracruz. Retelsdorf was an amateur radio operator and through his station CBO endeavored to send messages to Germany. Due to difficulties in contacting German stations, Retelsdorf frequently forwarded messages through the radio station at Center Point, Long Island which was operated by the espionage organization of Frederick Joubert Duguesne under control of the FBI. Retelsdorf's radio amateur license was revoked by

the Mexican government on June 28, 1941 and his station closed down. No action was taken against Retelsdorf, however, until June 1942, when he was arrested and interned in the concentration camp at Perote, Veracruz.

Following the closing of Retelsdorf's radio station the German espionage agents in Mexico began using microdots in their communications with Germany. It was subsequently reported that these microdots were made by Arnold Karl Franz Joachim Ruge who had returned to Mexico in August 1940 after having gone to Germany where he was trained in microphotography. The first east-bound microdots were intercepted by censorship facilities on a letter postmarked from Mexico, D.F. on December 6, 1941. The flow of microdot messages from Mexico to Germany continued until the last of January, 1942, a few weeks before Nicolaus was arrested by the Mexican authorities. Shorty after his arrest, Ruge was also detained as one of Nicolaus' known contacts and sent to the concentration camp at Perote, Veracruz. This terminated the first series of microdot letters.

Nicolaus was sent to the United States to be repatriated when it was discovered that he was endeavoring to smuggle espionage information to Germany. A search disclosed that he had several incriminating items on him and that he had concealed several microdots in his shoes. On this basis the United States Government refused to repatriate Nicolaus and interned him for the duration of the war. In spite of the incriminating evidence found on him, Nicolaus refused to devulge any information of value regarding his activities and associates in Mexico until the war was over. When he finally became convinced that Germany was defeated and that Hitler was dead, he furnished Bureau Agents considerable information regarding German espionage activities in Mexico. Although this information was received too late to be of much value to the investigation, it served to substantiate the information previously obtained by SIS representatives in Mexico. This statement also served to verify the collaboration which existed between German and Japanese espionage agents in Mexico prior to the departure of the Japanese Diplomatic mission.

Through bribery, Ruge was able to obtain his release from the Mexican concentration camp in July 1942. Shortly afterwards he assumed Nicolaus' old position as head of the Ast Berlin group and the flow of microdot letters was resumed. As soon as the new series of letters began, SIS investigative attention was concentrated on determining the identity and contacts of the German agents suspected as being involved. These investigations developed ramifications in several other Latin American countries and as has been previously pointed out, it was eventually discovered that there was a connection between the "Clog" group and the EFE courier ring operating out of Buenos Aires.

In addition to the large number of agents functioning under instructions of Ast Berlin who utilized Ruge's microdot system, the representatives of Ast Hamburg and Nest Cologne in Mexico also forwarded messages by the same method.

The activities of the Ast Hamburg group were directed primarily toward accumulating and transmitting information of a strictly military nature. The leader of the Hamburg group in Mexico was Edgar Hilgert. After the arrest of Nicolaus and Ruge, Hilgert temporarily discontinued his work for the Nazis. When Ruge was released from confinement and took over the leadership of the Berlin group, Hilgert resumed his functions on behalf of Hamburg and became closely associated with Ruge. Collaboration between the two groups eventually amounted to a near merger of the Berlin and Hamburg organizations of Mexico.

The third group collaborating with the Berlin and Hamburg espionage rings was that controlled by Nest Cologne under the leadership of Franz Wilhelm Buchenau. This individual was also interned at Perote, Veracruz in October, 1942. He was subsequently released in February, 1943 allegedly after paying a bribe of 5,000 pesos. After his release, Buchenau resumed his association with Hilgert and Ruge.

SIS investigations produced a vast amount of evidence regarding the espionage activities of the principal subjects in this case. This information however, was not turned over to the Mexican Government during the war, due to the objections of the United States War and Navy Departments which felt that the disclosure of some of the decoded material might jeopardize the war effort by letting the Germans know that their code had been broken. Material prepared for transmission to the Mexican Government was rewritten at the Bureau to delete references to decoded information and the military departments gave their consent to furnishing the revised material to the Mexican government. The American Ambassador to Mexico, George S. Messersmith, however, objected to the transmission of this memorandum to the Mexican Government, and delayed furnishing it to the Mexican Foreign Office until January 26, 1946.

The Mexican Government, after a study of the evidence submitted, agreed verbally to the repatriation of all of the German Citizens involved in the case. On July 20, 1946, the Mexican Secretary of Foreign Relations advised the United States Ambassador that 24 civilians were scheduled for repatriation to Germany along with 204 German Seamen who had been interned since the beginning of the war. Twenty-one of the 24 civilians were subjects in the "Clog Case".

The Mexican officials began making the arrests on August 1, 1946. The following day, an attempt was made to arrest Joachim Ruge at his home on the outskirts of Mexico City, where for some time he had been operating a chicken farm. Ruge avoided detention at that time by threatening to kill anyone who tried to arrest him. When the Mexican police returned to his home the following day to effect his arrest, they discovered that Ruge had committed suicide.

Many of the subjects in the "Clog Case" who were listed for deportation learned of the action to be taken against them several days prior to the actual arrests. This gave several of them an opportunity to go into hiding. Through SIS sources, the Bureau's representatives were able to follow

the plans of Edgar Hilgert, one of the principal leaders, who went into hiding on a ranch near Pueblo, Mexico. Hilgert's whereabouts was furnished to the Mexican police who raided the ranch and arrested him.

The entire deportation program involving these individuals was handled in a very indifferent matter by the Mexican government. Eighty-three civilians and 194 Seamen had been recommended by the United States officials for repatriation. The Mexican Government agreed to deport the entire group of seamen and 24 civilians. Of this number, however, only 13 civilians and 62 seamen were actually deported to Germany. Reliable sources indicated that the payment of bribes to Mexican officials enabled a number of civilians to avoid deportation. Others went into hiding until the departure of the repatriation ship from Veracruz. In most instances, the arrests which were actually made were not accompanied by searches and therefore no espionage materials were located and no information was obtained regarding the whereabouts of the micro-photograph equipment employed by Ruge in making microdots.

The excuse offered officially by the Mexican Government to the American Ambassador for failure to take strenuous action against the "Clog Case" subjects who were naturalized Mexicans was that under existing law, repatriation or deportation of these individuals was impossible. It was added that if the information concerning the activities of these subjects had been obtained by the Mexican Government during the progress of the war, there would have been little difficulty in repatriating them in as much as adequate legislation of an emergency nature could have been put into affect. The failure to furnish the Mexican Government information regarding this case while the possibility of action still existed was due to the desire of the military departments not to disclose information regarding decoded material and subsequently due to the dilitory tactics of Ambassador Messersmith. (65-16273)

b. Black List Cases

Information which was compiled regarding Mexican firms that lead to their being placed upon the Proclaimed List (Black List) in Mexico, was handled by the Commercial Attache of the United States Embassy in Mexico, D.F. The Commercial Attache made recommendations to the State Department that certain firms be placed upon the Black List when it was found that they were controlled by individuals sympathetic to the Axis cause or financed by Axis sympathizers.

The Commercial Attache frequently conferred with the Bureau's representative in Mexico and in doubtful cases, requested that an investigation be made for the purpose of determing whether a recommendation should be made to place the firm on the Black List. It was estimated that the Bureau was responsible for the placing of about ten per cent of the firms in Mexico which were on the Black List. The information regarding

these firms was also furnished to the Mexican Government since in most cases where firms were placed on the Black List, the Mexican Government took over the management of the concerns. Such information proved to be very valuable to the Mexican Government officials in making their decisions.

An outstanding example of the work done by the Bureau in connection with blacklisted firms and individuals is the case of Abraham Z. Phillips. Phillips had been arrested and charged with violating a Mexican criminal statute in attempting to smuggle contraband mercury aboard a Japanese ship at Manzanillo, Mexico, in October, 1941. He and all the companies which he controlled were placed on the Proclaimed List as a result of this episode. Phillips was released from jail on bail and immediately began to use his influence and money with high Mexican Government officials to get his name removed from the Black List. He had for many years been engaged in a number of questionable activities in Mexico and, as a result, had been able to influence a number of very important individuals in Mexico. In fact, at various times he had been in business with some of the high Government officials. Consequently, he was never brought to trial, and it appeared that through his influence, enough pressure might be brought to have his name removed from the Black List. However, when it became known to the Bureau that Phillips had made a request for the deletion of his name from the Black List, the Bureau's files were reviewed to obtain all information pertaining to Phillips' activities. As a result, an eleven page memorandum was prepared for the Interdepartmental Committee on the Proclaimed List, which Committee decided whether a request for deletion from the List would be granted. The memorandum was based principally upon information furnished by the Bureau's representatives in Mexico and it showed quite clearly that Phillips had been acting in behalf of the Japanese Government over a period of years, that his activities had been detrimental to the United States Government, and that there was no indication that his activities would not continue to be detrimental to the United States Government. As a result, Abraham Z. Phillips was continued on the Black List. (64-5003-609; 64-2700-B-22,35,54; 54-2706-B-22)

c. Anti-United States Propaganda

The fear with which most Mexicans view the United States as a stronger country has made Mexico a fertile field for anti-United States propaganda. Much of this propaganda is prepared by professional agitators and is usually based on distorted facts if not outright falsehoods. The damage which these agitators have been able to do to Mexican-United States relations has been of considerable concern to State Department officials. In at least two instances, SIS representatives were able to furnish information which lead to the checkmating of such agitators.

(1.) The "Association for the Protection of United States Citizens in Mexico". In July and August, 1942, Mexico was flooded with thousands of leaflets containing vicious propaganda reportedly issued by the "Association for the Protection of United States Citizens in Mexico." The leaflets consisted of a number of statements and instructions telling what an American tourist should be on the lookout for when in Mexico. The state-

ments were of such a nature that they reflected, in a very derogatory manner, upon both the Mexican and American people and apparently were intended to disrupt relations between the two peoples. A large number of these leaflets were also sent to various prominent people in the United States.

A short time later a postcard bearing the same sort of propaganda was purportedly issued by the "American Defense Society in Mexico", affiliated with the "Association for the Protection of United States Citizens in Mexico". The vicious nature of this propagandaaroused both the American and Mexican authorities and intensive investigation was conducted by the Bureau's representatives in close collaboration with [redacted] As a direct result of this investigation which consisted of the checking of hundreds of printing establishments in Mexico City, an individual residing in Mexico under the name of Jose Lopez was arrested on September 8, 1942. This individual, upon questioning, stated that his name was Claude English and gave detailed information regarding his alleged past activities. His fingerprints were obtained and forwarded to the Bureau at Washington where they were identified with the prints of Charles Janson. He had enlisted in the United States Army on April 22, 1919. Investigation in the United States showed that practically all the information that Janson had given the authorities at Mexico City was fabricated. It was also determined that Janson had become a good friend of one Claude English while both were mental patients in the United States Veterans' Hospital #81, Bronx, New York, in 1924 and that English had given Janson permission to get a copy of English's birth certificate in Trenton, New Jersey, so that Janson could get a pension from the State of New York. Janson had been using English's name and life story ever since that time. The Mexican authorities, convinced of Janson's guilt, sent him to the Mexican Government concentration prison at Perote, Veracruz.

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It was later found that Janson had been adjudged by the Veterans Administration to be "incompetent and insane" and that a compensation fund was due Janson totaling approximately $10,000, but that his whereabouts were unknown to the Veterans Administration since 1933. The Veterans Administration was advised of his whereabouts. In December, 1944, the State Department requested the Mexican authorities to return Janson to the United States. (100-149244)

(2) Gerardo Murillo aka Dr. Atl. The work and activities of a vicious anti-American and anti-Semitic propagandist were uncovered by the alertness of an informant of one of the Bureau's undercover agents in Mexico City. [redacted] was in the office of Gerardo Murillo, a well-known Mexican writer, one day, and observed that Murillo's secretary was busily clipping articles from various anti-American and anti-Semitic publications. He reported this information to the Bureau's undercover Agent and that Agent, after some investigation, reported that Murillo,

whose pen name was Dr. Atl, appeared to be engaged in the writing of vicious anti-American and anti-Semitic propaganda. This information was reported to the Bureau and upon checking the files regarding Murillo, it was found that the Bureau had records regarding his activities dated back to 1915.

There were numerous references pertaining to Murillo's activities in Mexico and the United States during the World War period and the years following. As early as 1915 and 1916, Murillo was editor of such anti-American publications as "Mundil Accion" and "El Munido." At that time, Murillo was a Socialist and wrote inflammatory articles regarding the United States. Throughout the years he attached himself to various radical organizations, such as: The I.W.W. (International Workers of the World); the Syndicalists; and the Communists. In 1921, he was active in anarchist demonstrations among railroad workers in Mexico. One of these demonstrations at Guadalajara, Mexico, resulted in the killing of seven Catholics and the wounding of eleven.

An investigation of Murillo's activities by the Bureau's representative in Mexico in collaboration with the Mexican postal authorities revealed that he had just completed the first of three volumes of a work entitled, "Los Judios Sobre America" (Jews Over America), when in October, 1942 he sent this first volume in quantities to some eight individuals located throughout Mexico. This book, written in Spanish, was one of the most scurrilous propaganda books possible. It is not only a vicious attack on the Jews, but is also an equally vicious attack on President Roosevelt and most of the high government, business and industrial figures in the United States. The book and Murillo's background were immediately brought to the attention of all the interested American Government agencies and to the attention of the Mexican Government. The eight individuals to whom the quantities of books were mailed were investigated and action was taken by the Mexican Government to prevent the general distribution of this propaganda. (64-2704-633)

d. Communist Movement

(1.) Mexican Communist Party The Mexican Communist Party, as such, is very small in contrast with the Communist Parties of other Latin American countries. In 1946 it was estimated to have been between 6,000 and 12,000 members. These figures are deceptive, however, inasmuch as personality conflicts and struggles for authority have resulted in several "splits" and "purges" since 1940 which have greatly reduced the number of individuals affiliated with the Party.

The overwhelming majority of persons and factions who have been expelled, however, have in no way abandoned their Marxist philosophy or weakened in their support of basic Communist policies, including the support of the Soviet Union. These expellees together with the large number of so-called "Partyless Marxists," the admitted Marxists who for personal reasons or otherwise have never officially become affiliated with the Communist Party,

wield considerable influence and when their disruptive efforts are added to those of the official party members, they constitute a force dangerous to the welfare of American interests in Mexico.

Since 1940 when the old leadership of the Party was expelled under orders of the Comintern, the Mexican Communist Party has been under the official guidance of Dionisio Encina. This individual is a weak leader, poorly versed in Marxist theories, and as a result he has had a great deal of difficulty in holding the Party together.

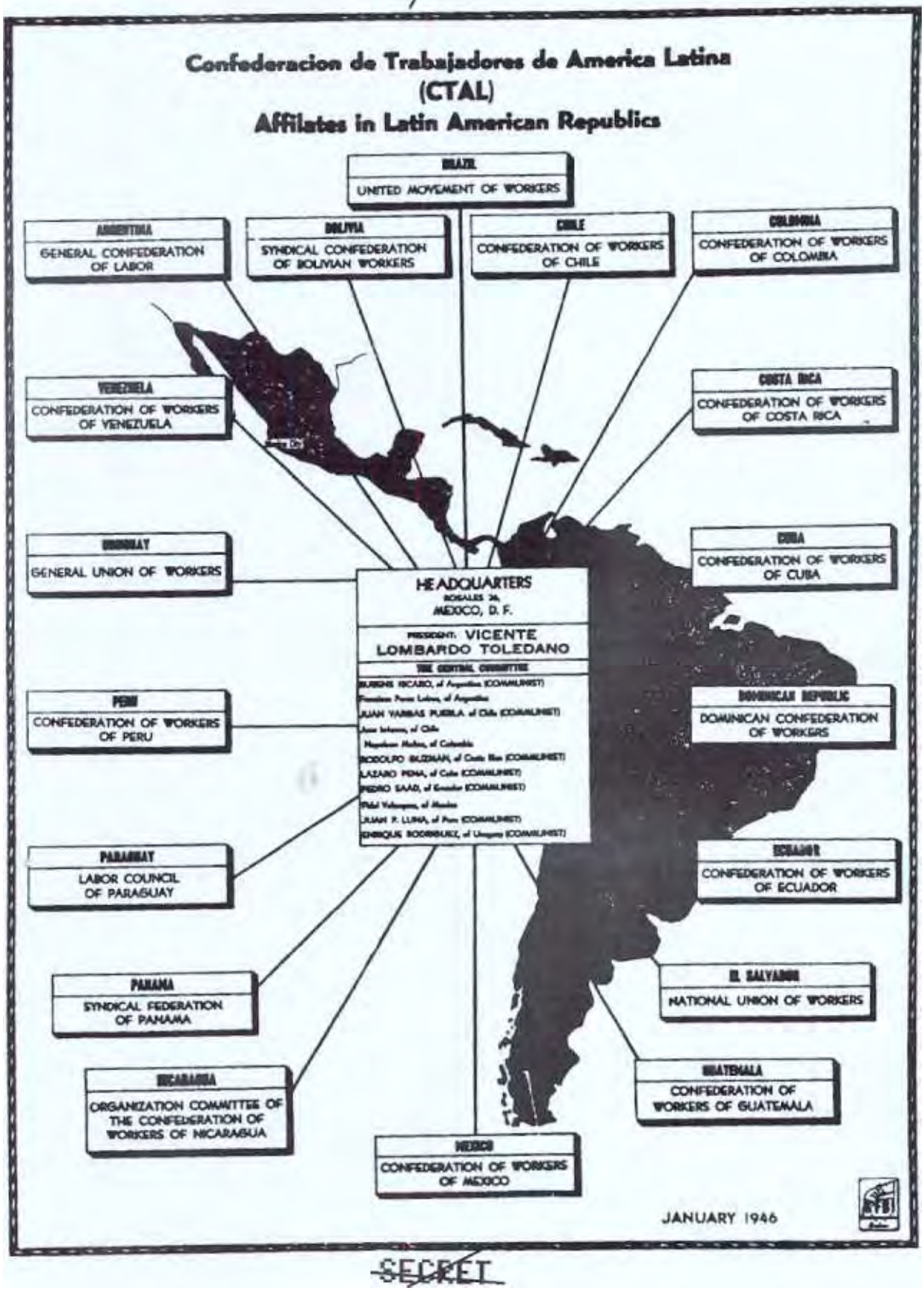
After the dissolution of the Comintern and as a token concession to the policy of "National Unity", the Communist Party of Mexico changed its name to the "Mexican Communist Party." This variation was offered as an indication that the Party was now independent from foreign influences and was "national" in its concepts.

In 1946, the Mexican Communists had a chance to test their strength as a political party. In that year the Mexican Government promulgated a new electoral law in preparation for the pending national elections. Through forgery and fraud the Communist Party was able to register 11,899 members throughout the Republic. This number was sufficient to allow the Party to register as a duly organized political group. In the subsequent elections, however, none of the official Communist Party candidates was elected. The Communists obtained some influence with the new national administration, nevertheless, since they and their affiliates supported Miguel Aleman, who won the Presidential elections.

The Mexican Communist Party has been poorly organized and in a perpetual state of financial embarrassment. During the period of SIS coverage, its only official propaganda organ was the weekly newspaper, "La Voz De Mexico". The propaganda work was adequately supplemented, however, by the daily newspaper "El Popular", published by Vicente Lombardo Toledano. Small and weak though it was, the Mexican Communist Party constituted a firm hard core of individuals fanatically devoted to the Communist Party line who maintained alliances with any other group in Mexico which might serve its purpose. Close SIS coverage was, therefore, developed and maintained over Communist Party activities and the Bureau and the Embassy were constantly advised of all the developments of interest. (64-200-221)

(2.) Vicente Lombardo Toledano. Undoubtedly the most influential individual leftist in Latin America is Vincente Lombardo Toledano, the Mexican labor leader who expanded his activities into the international labor field and since 1941 has dominated a large majority of Latin American laborers through his Confederation of Workers of Latin America.

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Lombardo Toledano is a self-styled "Marxist-Leninist" and the most important member of the so-called "Partyless Marxist" group in Mexico. He occupies the unusual position of being one of the best known Marxist theoreticians in Mexico and the individual to whom the Mexican Communist Party frequently looks for support and guidance while at the same time he has never been known to be a Communist Party member. An indication of his standing as a Marxist theoretician was given when the Mexican Communist Party officially urged its members to read and study Lombardo's speech of August 5, 1945, "analyzing" the postwar problems facing the Marxists. This was the first public speech made by any Mexican Marxist authority after the various Communist Parties began to study their "errors" in the light of the criticism made of the United States Communist Party by Jacques Duclos in April, 1945. Lombardo's discourse was one of the most accurate analyses of post-war Communist policy in Latin America which has been made.

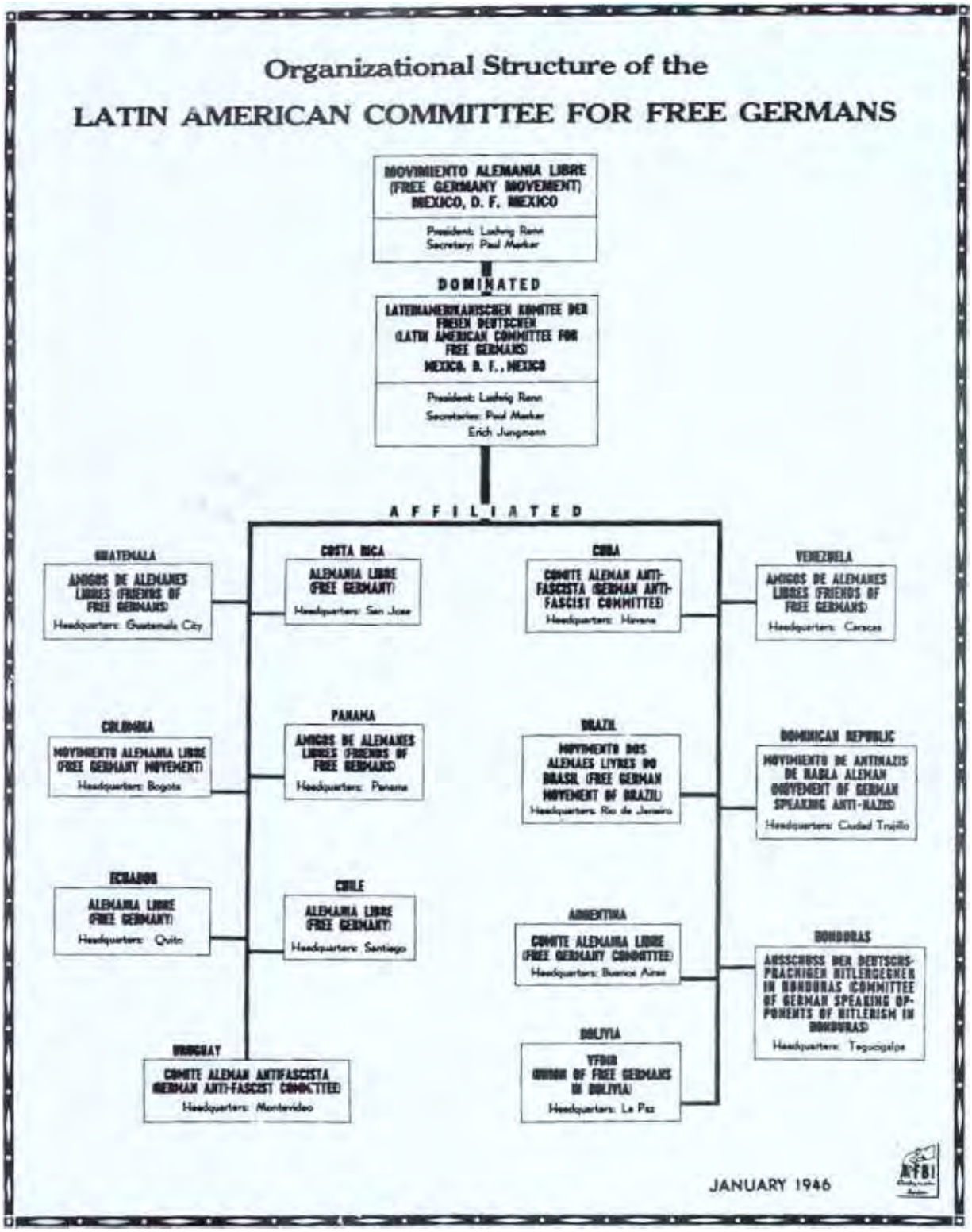
In the realm of Mexican domestic politics, Lombardo constantly endeavored to expand his influence through the organization of a political party dedicated to Marxist principles but which would have a broader appeal and, therefore, more power then the standard Mexican Communist Party. These efforts prior to the closing of SIS were not successful. Lombardo's influence in Mexico was strongest in the field of organized labor through the Confederation of Workers of Mexico (CTM) and in the field of education through his Workers University. His influence was also extended through the publication of his newspaper, "El Popular" and through his excellent abilities as an orator.

In the international field, Lombardo also worked closely with the various Communist Parties and their front organizations. In other countries of Latin America his chief means of contact and influence was the Confederation of Workers of Latin America of which he was the dominate figure. In the United States, he was aided principally by the Communist-dominated Council for Pan-American Democracy in New York City. With the assistance of the Communist and pro-Communist elements in the various countries of the Hemisphere, Lombardo succeeded in building himself up into a figure of international importance.

Lombardo's violently anti-American views made it necessary for the Bureau's representatives to follow his activities closely. The Civil Attache's Office was able to keep the Bureau and the American Embassy adequately advised of Lombardo's activities through excellent informant coverage which included Lombardo's own bodyguard. (100-4326)

(3.) <u>The German Communists and the So-called "Free" European Movements</u>. The policy of the Mexican Government in making Mexico a refuge for the persecuted, brought to that country a large group of war-time European refugees of various nationalities. Many of these refugees were Communists and, as such, their presence and activities served indirectly to reinforce the Communist Movement in Mexico. Under their promise

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as refugees not to participate in local political affairs, they were not permitted to join the Mexican Communist Party. Instead they organized so-called "Free" groups along nationalistic lines, which in fact were merely Communist front organizations. The largest of these groups was the Free Germany Movement which was organized under the leadership of Ludwig Renn, Otto Katz and Paul Merker, all German Communists. The organization had its headquarters in Mexico City and at its height, embraced member groups in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Honduras, Panama, Uruguay, and Venezuela.

In Mexico the Free Germany Movement published a newspaper "Freies Deutchland" later known as "Demokratische Post" and the Spanish language newspaper "Alemania Libre." These papers were widely circulated outside of Mexico and the German version especially was circulated among anti-Hitler German groups in many Latin American countries. The organization also sponsored a publishing house known as "El Libro Libre" (The Free Book), which was utilized in publishing the writings of the European Communist authors resident in Mexico. The Movement continued to be extremely active until the latter part of 1945 when many of its leaders returned to Germany. (100-72924)

An indication of the relationship which existed between the European Communists and the Mexican Communist Party was disclosed in two communications prepared for the Mexican Communists by Paul Merker, representing the Europeans, on October 18, 1945, in anticipation of his return to Europe. These letters, which were obtained through an SIS informant, discussed in detail the conflicts and personal disagreements which afflicted the European Communist in Mexico. The letters were apparently submitted to the Mexican Communist Party as a report on the dissentions which arose among the European Communists during their exile in Mexico. (100-72924-761)

As an indication of Merker's status as a Communist, it is of interest to note that he not only authored these letters but when he departed from Mexico on May 16, 1946, aboard the Russian vessel "GOGOL" bound for Vladivostok, USSR, he was reportedly in possession of a note stating that he had permission to enter the Russian occupied zone of Germany. This note was signed by Gregory Kasparov, allegedly the principal NKVD agent in the Soviet Embassy in Mexico. (100-49516)

In addition to the Free Germany Movement, the European Communists also set up Free Hungary, Free Yugoslavia, the Polish-Mexican Democratic Union "Tadeusz Kosciuszko," the Austrial-Republican Action of Mexico and the Guiseppe Garibaldi International Alliance for the Freedom of Italy. All of these organizations were much smaller than the Free Germany group and they operated more or less under the sponsorship of the Germans. The organizations were active until the close of the war when the principal

leaders began returning to Europe and by the time the Bureau's SIS office closed in Mexico, most of them were practically dissolved. (64-21676; 64-25045; 100-336875; 100-335408; 100-69318).

(4.) Spanish Communist Activities. **Following the Spanish Civil War, a large group of Spanish refugees was allowed to enter Mexico, among them numerous Communists. This migration was facilitated by the Mexican Government, the principal restriction being that the emigres could not interfere with Mexican politics without adopting Mexican citizenship.**

The Spanish Communists organized a Party group to which they gave the name Communist Party of Spain - Delegation in Mexico. In this capacity they carried on their own Communist activities and maintained and identity completely separate from the Mexican Communist Party. Inasmuch as the Spanish refugees were considered to be in Mexico on a temporary basis, an agreement was entered into by both the Spanish and Mexican Communist Parties whereby each would be entirely separate and neither would interfere with the internal affairs of the other, although collaboration and cooperation on matters of mutual interest was encouraged

In addition to the Spanish Communist Party - Delegation in Mexico, there were also two other Spanish Communist Parties represented in Mexico: The Unified Socialist Party of Catalonia, which, like the Communist Party of Spain, was formerly an individual Section of the 3rd International; and the Communist Party of Euzkadi, the Communist Party of Basque provinces of Spain. These organizations were reportedly formed merely to take advantage of the local political situations inside Spain and therefore presented no obstacle to unity of action among the members themselves.

The Communist Party of Spain - Delegation in Mexico was led by Vicente Uribe and Antonio Mije; the Unified Socialist Party of Catalonia was directed chiefly by Juan Comorera, Jose Moix, and Jose Marles; the Communist Party of Euzkadi was led principally by Leandro Carro Mendiburu, Luis Zapirain Aguinaga and Ricardo Castellote Lastra. (100-163705)

The three Spanish Communist groups maintained separate organizational forms and issued separate publications in Mexico. They collaborated closely, however, in the establishment of front organizations. The principal Spanish front organizations were: the Federation of Organizations to Aid European Refugees (FOARE); the Fund for Economic Aid to Anti-Fascist European Refugees (FAERAE); and the Commission to Aid the Junta Suprema of National Union, later known as the Spanish National Union.

The FOARE was the principal organization among this group. Originally it was devoted exclusively to the interest of Spanish refugees at which time its name was Federation of Organizations for Aid to Spanish

Republicans. In August, 1943, the name was changed to substitute European Refugees for Spanish Republicans and the organization represented itself as being dedicated to the relief of European refugees in general. The principal activities of this organization were the collecting and distributing of funds, paying of traveling expenses for Spanish Communist Party members and the furnishing of scholarships and subsidies. The FOARE also supported a sanitarium and an educational institute. It was very active in disseminating Communist-oriented propaganda against the Franco Government in Spain. The Mexican Communist Party collaborated closely with the Spanish Communists in the administration of the affairs of the FOARE.

The Fund for Economic Aid for Anti-Fascist European Refugees (FAERAE) was organized by the Spanish Communists in June, 1944, for the pure relief work which had formerly been performed by the FOARE. The new organization was established to permit the FOARE to devote more time to political and propaganda activities among the pro-Communist, anti-Franco groups and at the same time to assure the receipt of refugee relief funds which were forbidden to organizations openly engaged in political agitation or propaganda. The separation of the two organizations was purely a bookkeeping arrangement. (64-23410)

The Commission to Aid the Junta Suprema of National Union was formed in the latter part of 1944 to support the so-called Junta Suprema de Union Nacional, which was alleged to have been formed in Spain. This was a front organization designed to arouse public support for the Communist dominated "Junta Suprema" and to enlist the cooperation of non-Communist parties in promoting the overthrow of the Franco Government. The directing forces behind the organization were Dr. Lino Sanchez Portela and Jose Sanprieto, both Spanish Communists. The organization expanded to include a large number of non-Communist Spaniards and to gain the support of many non-Communist Mexicans. Although the Junta Suprema itself was dissolved in France in 1945 in an effort to promote unity among the Spanish anti-Franco forces, the Mexican group was not dissolved but was reorganized and continued under the name Spanish National Union. (97-2684)

(5.) The "Alto Case" And The Communist Underground In Mexico. The investigation known as the "Lydia Altschuler Case" or under the coded name "Alto Case" involved what was evidently a part of the Communist underground in the United States and Mexico with ramifications in most of the other Latin American countries. The case was built upon series of twenty-four secret writing letters addressed to known Communists or Communist sympathizers which were intercepted [redacted] between November, 1941 and November, 1943. Much of the case apparently centered around efforts to secure the freedom of Jacques Mornard Vandendresched, the convicted slayer of Leon Trotsky in Mexico. b7D

Most of the investigation in this case was made in the United States and Mexico. Investigations were also conducted in Argentina and Chile in an effort to identify the senders and recipients in some of the communications and extensive inquiries were made in other countries to cover the associates and contacts of the principal subjects in the case.

In the United States, investigation was undertaken with a view to possible prosecution under the censorship laws. The identify of the person who wrote the fifteen letters originating in New York City was not positively determined but the author was believed to have been Pavel Klarin, of the Soviet Consulate in New York City. Aside from Klarin, the key figures in the United States included Lydia Altschuler, Anna Colloms and Jacob Epstein. Lydia Altschuler was the addressee of some of the northbound communications. Anna Colloms, likewise an addressee of one of the communications, also served as a courier in carrying one of the letters from the United States to Mexico when she visited that country in August, 1943. Jacob Epstein of New York City was the only known writer of any of the secret writing letters. He wrote three of the communications from Mexico during his stay there from September, 1942 to August, 1944. Due to a lack of concrete evidence in this case and the fact that the censorship law containing no provision prohibiting efforts to send secret writing information into the United States, prosecution in this case was declined. Although the principal subjects in the United States were interviewed, no information was obtained which would throw light on the case, in addition to that already secured through investigation.

In Mexico, efforts were made to secure information and evidence which might be of use in possible prosecution of the case in the United States. The principal value of this investigation, however, came from a strictly intelligence standpoint in that through the investigation of the subjects involved and their associates, a segment of what was apparently the Communist underground was uncovered.

Inasmuch as several of the letters apparently referred to Jacques Mornard whose case for the murder of Leon Trotsky was still pending in the Mexican courts, it was necessary for SIS inquiries to go back into the circumstances surrounding Trotsky's murder. Trotsky had arrived in Mexico in 1937 as a refugee after having resided in several European countries subsequent to his being exiled from Russia following his complete break with Stalin. Trotsky frequently insisted that his life was in danger from the Stalinist forces. On May 24, 1940, an unsuccessful attempt on his life was made by a group of approximately twenty-five individuals allegedly led by Jose David Alfaro Siqueiros, the well known Mexican painter. This attack resulted in the killing of Robert Sheldon Harte, Trotsky's bodyguard. On August 20, 1940, Trotsky was killed by a man who struck him with an alpine pickax.

The murderer was apprehended on the spot and admitted that he was using a false passport in the name of Frank Jacson. He later gave his name as Jacques Mornard Vandendreschad or Jacques Mornard. His true name and identity have never been established. Mornard's background was sufficiently well covered up to prevent proving that he had acted on behalf of the Stalinist group. He was tried for murder and on March 16, 1943, he was sentenced to twenty years imprisonment. Following this sentence, Octavio Medellin (Ostes), who had been his attorney from the beginning, appealed the case on May 17, 1944. The decision of the lower court was upheld but on the basis of a technicality Medellin (Ostes) continued his efforts to obtain legal freedom for Mornard. SIS investigations during the course of the Alto case disclosed indications that at the time of Trotsky's murder, there were probably funds available to bribe some of the witnesses to perjure themselves in favor of Mornard, Investigation failed, however, to disclose the source of these funds or the source of the funds used to pay Medellin (Ostes).

The secret writing communications sent from Mexico by Jacob Epstein indicated that he was probably interested in the attempts being made to secure Mornard's release. One of the noticeable facts in this case was that the flow of secret writing communications from the United States which carried instructions and furnished information of interest to the various intended recipients ceased in November, 1943, a date which coincided with the transfer of Pavel Klarin from the Soviet Consulate in New York to the Soviet Embassy in Mexico City.

SIS investigations in Mexico were carried beyond the secret writing suspects and their contacts into what was apparently the Communist underground involving several individuals with long records of important Communist activity who were no longer members of the Communist Party. The most important of these individuals uncovered by investigation in Mexico were the following:

Jose David Alfaro Sequeiros entered this case as he was believed to be the intended addressee of a secret writing letter dated January 30, 1943, from Mexico City to Chile. He had taken refuge in Chile to avoid legal prosecution for his participation in the first attempt to kill Trotsky, which resulted in the death of Sheldon Harte. Sequeiros was one of the principal leaders of the early Communist movement in Mexico. He was associated with Rosendo Gomez (Lorenzo) and Rafael Carrillo, also principal subjects in the case. Sequeiros and Gomez (Lorenzo) were arrested together for leading a "protest" demonstration in front of two newspaper buildings in Mexico City in April, 1939, and they were also both involved in the first attempt on Trotsky's life. Sequeiros had been expelled from the Mexican Communist Party prior to the first attack on Trotsky. He admittedly remained in contact

with the Party, however, and claimed not to have changed his views. Following his return to Mexico in October, 1943, his renewed contacts with other subjects in this case were noted by SIS. In Summer, 1946, Siqueiros openly rejoined the Mexican Communist Party.

Rafael Carrillo was the principal contact of Jacob Epstein during the latter's stay in Mexico. The meetings between these two individuals were always held clandestinely. Carrillo was also a clandestine contact of other subjects in the case and an associate of Rosendo Gomez (Lorenzo). He was likewise a member of the Communist Party as early as 1922, and held important Party positions. He was expelled in 1941, but continued to adhere to Communist principles. He was employed by Vincent Lombardo Toledano on the publications "El Popular" and "Futuro" until July, 1945, after which he secured employment with the Federal District Government.

Jacob Epstein was the subject of intensive investigation in Mexico after he was identified as the writer of the letters from Mexico to the United States. Epstein entered Mexico as a tourist in December, 1941, and remained there until September, 1942. He returned again in March, 1943, and remained until August, 1944. Investigation disclosed that he was in frequent clandestine contact with Rafael Carrillo and Pavel Klarin following the latter's transfer to the Soviet Embassy in Mexico. He also frequently met Octavio Medellin (Ostes), Mornard's attorney.

Jose Garcia (Reyes) was not known to be directly connected with Epstein but he was a clandestine contact of Pavel Klarin and Lev K. Tarasov, the heads of Russian espionage attached to the Soviet Embassy in Mexico. He was also an associate of Margarita Nelkan and Rosendo Gomez (Lorenzo), both of whom were principal subjects in the case. Garcia Reyes claimed to be a Spanish citizen who entered illegally in December, 1943. The confusing information which he furnished the Mexican government obscured his background but he apparently legalized his residence in Mexico through the aid of the Spanish Communist relief organization, FOARE, which has been previously mentioned.

Rosendo Gomez (Lorenzo) became connected with this case through his clandestine contacts with Rafael Carrillo. He was born in the Canary Islands and took up residence in Mexico in 1920, where he was one of the leaders in the founding of the Mexican Communist Party. He was implicated with David Alfaro Siqueiros in storming the Mexico City newspaper offices in 1939 and in the first attempt on Trotsky's life, in 1940. He was expelled from the Mexican Communist Party in 1941 for indiscipline. From 1942 to 1944, he was editor of the Mexican news magazine, "Tiempo". Following the discontinuation of the Mexico City office of Tass News Agency in January, 1946, Gomez (Lorenzo) became the head of the Agencia Noticiosa Latino Americana, a news agency that was reportedly set up with the approval of Constantin Oumansky as a "cover" agency to distribute

Tass news. Investigation disclosed that Gomez (Lorenzo), in addition to his clandestine contacts with Rafael Carrillo, and his association with Alfaro Siqueiros was also in clandestine contact with Jose Garcia (Reyes) and held frequent meetings with Octavio Medellin (Ostes), Mornard's attorney, whom he saw on an average of twice weekly.

Pavel Panteleevich Klarin entered the case when he was found to be in clandestine contact with Jacob Epstein. He was also discovered to be in clandestine contact with Jose Garcia (Reyes). Klarin had been in the Soviet service in New York from April, 1939, until November, 1943, with the Amtorg Trading Corporation, the Soviet exhibit at the New York World's Fair and finally as Vice-Consul at the Soviet Consulate General in New York City. Information secured in the Domestic Field showed that Klarin was in frequent contact with Vassili Mikharlovich Zubilin, who was undoubtedly the head of intelligence activity in the Soviet Embassy at Washington, D. C. In November, 1943, Klarin was transfered to Mexico where he became Second Secretary of the Soviet Embassy. He was last seen in Mexico on May 24, 1944, when he contacted Jose Garcia (Reyes) in the company of Tarasov, who was believed to be the principal NKVD agent in the Soviet Embassy.

Octavio Medellin (Ostes) was believed to be identical with the "Ostes" mentioned in one of Jacob Epstein's secret writing letters. At that time Epstein requested information for Ostes' use regarding the Trotskyite lawyer, Albert Goldman, an American attorney who assisted the Trotskyite forces in pushing the prosecution against Jacques Mornard and in endeavoring to propagandize the murder as the work of Stalin. Medellin (Ostes) is a Mexican attorney of Communist tendencies. He defended Jacques Mornard during and after the latter's trial for Trotsky's murder. He was believed to be in complete charge of Mornard's personal welfare as well as acting as his legal counsel. He was in frequent contact with Rosendo Gomez (Lorenzo) and also acted as attorney for Jacob Epstein. He was, in addition, an acquaintance of Humberto Velez, the addressee of three of the secret writing letters sent to Mexico.

Hannes Meyer (Ryser) was connected with this case when it was discovered that he was in clandestine contact with Jose Garcia (Reyes) and Rosendo Gomez (Lorenzo). Various reports from sources of unknown reliability had previously been received to the effect that Meyer was the head of the GPU in Mexico. He is a Swiss architect who has resided in the Soviet Union. He entered Mexico in 1939 and subsequently became employed by the Mexican government as an architect and designer. In addition to these contacts Meyer was active in several Communist front organizations in Mexico and was in frequent contact with the Russian Embassy.

Margarita Nelken Mansberger de Paul was the addressee of one of the secret writing communications and possibly the intended recipient of four other communications. She is a well-known Spanish writer, lecturer and politician. She joined the Spanish Communist Party in 1935 and after the Spanish Civil War went into exile, arriving in Mexico in November, 1939, as a refugee. In Mexico she was very active in Spanish Communist affairs and in arranging for the immigration of other Spanish Communists. In November, 1942, she was expelled from the Communist Party of Spain reportedly because of a disagreement which she had with Spanish Communist leaders. Investigation disclosed that this expulsion apparently did not change her beliefs in Communist doctrine. The investigation also showed that Nelken was in contact with several important Communist including Jose Garcia (Reyes), another subject in this case.

Enrique de Los Rios (Lavin) was brought into the case when his name was furnished by Jacob Epstein in a secret writing letter as an individual who could receive drafts or money orders in amounts up to $5,000. A telegraphic transfer of $3,700 was subsequently made to him by Helen Levi Simon of New York City. De Los Rios, is a Chilean businessman who has resided in Mexico since 1923. Investigation disclosed that he had not been engaged in open Communist activities in Mexico but he was found to be in touch with at least one important member of the Mexican Communist Party and to have been a good friend of Lev A. Tarasov, former first Secretary of the Embassy. The investigation, however, failed to disclose the disposition of the money sent to de Los Rios by Helen Simon.

Amaro Rosal (Diaz) was also mentioned in one of the secret writing letters as an individual who could receive drafts up to $5,000. So far as is known no communication was ever sent to Rosal by the New York subjects in this case. Investigation disclosed that he had a close connection with Vincento Lombardo Toldano's newspaper "El Popular" and possibly with Rafael Carrillo, Epstein's principal contact. Rosal was a Spanish refugee who was active in many Communist projects in Mexico. In December, 1944, he left Mexico to return to Europe from where he subsequently sent several Communist-line newspaper articles for publication in "El Popular".

Lev Alexandrovich Tarasov, former First Secretary of the Soviet Embassy, and alleged head of the NKVD in Mexico, was the associate of Pavel Klarin with whom clandestine contacts were made with Jose Garcia (Reyes). Tarasov arrived in Mexico in May, 1943, as the first official sent to make arrangements for the reopening of the Soviet Embassy. He returned to the Soviet Union in December, 1944. Information developed indicated that Tarasov was a friend of Enrique de Los Rios, who was indicated by Epstein as an individual who could receive funds.

Jorge Abilio Vivo was the addressee of one of the secret writing letters and was also mentioned in one of Epstein's communications. Vivo, a Cuban Communist exile, has resided in Mexico intermediately over a period of several years where he has been active in Communist matters. In 1929

and 1930, he was reportedly the head of the Caribbean Bureau of the International Red Aid. He taught at the National University of Mexico where Jacob Epstein was enrolled during 1943 and 1944. [redacted] b7C was known to be a contact of Rafael Carrillo and Rosendo Gomez (Lorenzo). [redacted] b7C

When the SIS program terminated in Mexico, investigation had uncovered most of the individuals active in this Communist underground ring and their activities were followed closely. The information, however, was not released to other governmental agencies until it was determined that prosecution would not be carried out against the subjects in the United States. (65-43302)

(6.) Soviet Diplomatic Activities. The Communist Movement in Mexico derived considerable inspiration from the appointment of Constantin Oumansky as the First Soviet Ambassador in Mexico following the re-establishment of relations in Spring, 1943. Oumansky was one of the most capable Soviet diplomats and his personal prestige lent a great deal of glamour to the Soviet Mission in Mexico. According to Bureau and SIS sources, Lev A. Tarasov was the principal NKVD agent attached to the Soviet Embassy in Mexico from May, 1943, until the latter part of 1944, when he was reputedly replaced by Gregori Kasparov. The latter was finally recalled to Russia leaving Ivan Kumarian as the principal NKVD agent in the Embassy.

Shortly after the re-establishment of relations between Mexico and the Soviet Union, the Russian Mission in Mexico became very active. A large office of the Tass News Agency was installed and the Russians made every effort to extend their influence in Mexico and Central America through the facilities of the Embassy in Mexico City.

On January 25, 1945, Soviet activities in Mexico received a setback when Ambassador Oumansky and three members of his staff were killed in an airplane accident. Oumansky was en route to Costa Rica to present his credentials as Soviet Minister. Accompanying him were his wife; his secretary, Yuri Vdovin; the Soviet Military Attache, Lt. Colonel Sergei Savin Lazarov; and First Secretary of the Embassy, Lev I. Troynitsky, and his wife. The last individual was the only Russian who survived the airplane crash. Investigators of the Mexican Government reached the conclusion that the crash was an accident. The investigators, however, failed to satisfy many people and the allegations still persist that Oumansky and his assistants may well have been liquidated by the NKVD. While no concrete evidence of sabotage was found by the Mexican investigators, it is of interest to note that prior to their departure both Oumansky and Mrs. Oumansky claimed to have had premonitions of disaster and reportedly stated to close friends that they did not expect to return from the trip. It was also reported that Oumansky had lost some of the confidence previously placed in him by the Soviet Government and that Mrs. Oumansky was privately opposed to many of the activities of the Stalinist regime in Russia. No information was available regarding

the attitude of Vdovin, except that he had reportedly acted as Secretary to Oumansky for several years. Information was also lacking regarding the background of Lev I. Troynitsky and Lieutenant Colonel Sergei Savin Lazarov inasmuch as they had arrived in Mexico only a few weeks prior to the disaster. It has been pointed out as worthy of note that, in spite of public allegations to the contrary, the remaining officials of the Soviet Embassy in Mexico did not instigate an active investigation in an effort to determine the cause of the airplane crash.

The other most important incident in connection with Soviet diplomatic activities in Mexico was the defection of Kirill Alexeev, the Assistant Commercial Attache of the Russian Embassy, while he was under orders to return to the Soviet Union. Alexeev and his family had avoided being returned to the Soviet Union from Mexico in Fall, 1946. In December of that year he and his family defected and fled to the United States eventually reaching New York City. Alexeev was subsequently put in touch with the Bureau. He was unable to furnish much information of intelligence value but he did verify much of the material which had been developed by SIS Agents. He was also able to supply some information of interest regarding the internal functioning of the Soviet Embassy in Mexico City. When Alexeev was first put in contact with the Bureau in New York City, SIS prepared a list of questions to be used in his interrogation based upon previous investigation of Soviet diplomatic activities in Mexico. The results of these interrogations were subsequently furnished to the interested branches of the Government. (64-211-221; 100-341720)

As Soviet and Communist activities in Mexico constituted a great potential danger to the security of the United States, SIS representatives took special pains to develop adequate informants in these fields. By the time the SIS program in Mexico was terminated, the Bureau's Agents had developed ample sources of information in the important centers of Communist activity and were able to keep the Bureau and the State Department advised of all new developments in this field.

e. Security Measures Taken in Mexico Based upon Information Supplied by The Bureau.

Operations of the SIS Division in Mexico had a marked effect upon the security measures undertaken by the government officials of that country. As the result of adequate SIS coverage throughout Mexico and as the result of extensive contacts and informant coverage, the Bureau's representatives in Mexico City were able to directly influence the adoption of necessary measures with regard to Axis nationals in Mexico who were deemed to be a source of danger.

The Mexican Espionage Law, which became effective on November 14, 1941, was adopted with but minor modifications from a proposed draft sub-

mitted by one of the Bureau's representatives. Later on, there was submitted to the Mexican Government a proposed draft of a Sabotage Law.

With a view to the eventuality of Mexico's entering the war as an ally of the United States, SIS representatives, through their contacts within high Government circles in Mexico, undertook to lay the necessary groundwork in advance of such a contingency. Thus, when the President of Mexico requested a declaration of war against the Axis Powers in May, 1942, the Mexican Government had already set into operation a series of decrees and orders designed to afford internal security during time of war. A decree effective March 4, 1942, required all foreigners resident in Mexico to register with the Department of Gobernacion. In December, 1941, a Presidential Order called for the removal of Axis nationals from coastal and border regions to the interior of the country. A Presidential Decree of July 26, 1942, ordered the forfeiture of citizenship of naturalized natives of Axis countries who might be acting against the interests of the Republic. (P64-4009-16; 64-2704-88,212,345)

The most important phase of SIS activity in Mexico resulted in the apprehension by Mexican authorities of a number of espionage agents shortly after Mexico entered the war. Much credit for these apprehensions may be given the Bureau, inasmuch as the Mexican Government acted upon information and evidence which was supplied by the SIS representative in Mexico City. Among those apprehended and sent out of Mexico were the following Germans: Werner Barke, Ewald Bork, Joseph Ruellen Hermkes, Wilhelm Hesselmann, Federico Hey, George Nicolaus, and Pablo Rubach, all known espionage agents or active in the German penetration of Mexico.

Upon information supplied by the SIS Division to Mexican Government officials, a number of Axis and other nationals were arrested and placed in confinement at Perote, Veracruz. Included with this group of internees was Carlos Retelsdorf, Jr., a naturalized Mexican of German birth who operated a clandestine radio station in Mexico which was utilized by the German espionage agents, George Nicolaus and Baron von Schlebrugge, in relaying intelligence information from Mexico to the United States and South America.

Another internment was that of Guido Otto Moebius, a Mexican national, son of a German-Jew and a Mexican woman. Moebius owned a private radio station, KOZIK, located at Pino Suarez No. 28, Monterrey, Mexico, and held a controlling interest in the Monterrey commercial radio station XEMR. Moebius disseminated considerable Nazi propaganda, and was a frequent visitor to the German Minister in Mexico City prior to Mexico's declaration of war against Germany, and it was reliably reported that Moebius collaborated with German espionage agents. (P64-4009-16; 64-2704-A-187, 1103)

Another instance wherein action was taken by Mexican authorities as a direct result of information supplied by the SIS Division was the

internment at Perote of Gerardo (Gerhard) Heimpel. Heimpelwas the ex-German Consul of Chihuahua, and was known to have associated closely with other important Germans in Mexico. However, he was released in the winter of 1942 and returned to Chihuahua. (64-4009-16).

Also interned at Perote was Baron Harold von Oppenheim, alias Harry Hartwell, who was arrested by Mexican police on June 10, 1942. Oppenheim is a German who entered Mexico in September, 1940, from the United States where he had operated the "Chez Harry" in New York City. He sang over the Mexican radio stations XEW and XEFX during 1941 and 1942, and it was reported that he was able to transmit German secret service instructions in connection with his employment as a radio singer. Oppenheim associated with several German agents and was reported to have been a liaison agent between the NSDAP and the Spanish Falange in Mexico. He was also known to associate with the German espionage suspects, Ruth Pitz and Hilda Kruger, actresses of international renown. (64-2704-E-80; 64-2704-54X1; 64-2704-A-656; 64-2704-A-1639).

f. Criminal Matters

The accomplishments of SIS in Mexico in the field of criminal work were excellent. Operating with very limited personnel, SIS in Mexico during the ten-month period, July 1945, to April, 1946, located thirteen escaped prisoners of war, sixty-seven deserter fugitives, and forty-three Selective Service fugitives. In addition to these fugitives, SIS handled a large number of criminal cases representing a large variety of classifications. Numerous notorious hoodlums from the United States went to Mexico from time to time and their activities were provided extensive employment to the Legal Attache. There was a certain amount of investigation in the matter entitled "The Reactivation of the Capone Gang", and inquiries were made in the Windsor Jewel Theft Case. Innumerable investigations were conducted in Selective Service, Deserter, MSTA and NMVTA matters. As a result of excellent contacts, the office of the Legal Attache in Mexico City frequently performed outstanding work. Mexico City continuously carried a larger number of pending criminal cases than any other SIS Office. (64-4984-221).

The Bureau's liaison with Mexican Police officials was excellent and by means of this friendly relationship, it was possible to bring to justice many badly wanted fugitives. Because the extradition treaties in force between the United States and Mexico are based principally on a treaty signed in 1899, the list of extraditable offenses set forth in the treaties does not include many important criminal offenses over which the Bureau has jurisdiction. Thus, fugitives who have committed some of these offenses cannot be made available to the United States authorities by means of extradition. [redacted] the Civil Attache was able to arrange for the arrest of the wanted fugitive by Mexican authorities and his informal expulsion from

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Mexico at a point where FBI Agents could immediately take him into custody.

(1.) Mexican Fugitive Located. Through its liaison, SIS was instrumental in making Mexican Police officials more receptive and alert to the possibilities of international police cooperation. One of the instances which brought home to them the advantage of cooperation was the case of Ramon Riverall Romay. In this case the Bureau was able to assist the Mexican authorities. Ramon Riverall Romay was a Mexican citizen who was wanted as a fugitive from Mexico to face charges of having committed a felony in that country. With the assistance of the Royal Canadian Mounted Police, Riverall Romay was located in Canada. As a direct result of the Bureau's liaison work with the Mexican and Canadian officials, the Mexicans were able to locate this fugitive. (62-53897).

(2.) "Little Angelo" Scerria. Out of 23 members of a "policy racket" gang indicated at Cleveland, Ohio, on April 26, 1939, only "Little Angelo" Scerria remained at large. For over three years the Bureau pressed a man hunt of international proportions under the Federal Unlawful Flight to Avoid Prosecution statute so that "Little Angelo" would be returned to the local authorities for prosecution in Cleveland. Mail covers were placed on relatives of Scerria who resided in Italy. Inquiries were directed to police authorities in England, Mexico, Switzerland, Portugal and Brazil, without success. Angelo's wife, members of his family and other Cleveland hoodlums made many derogatory remarks concerning the FBI's inability to locate the crafty fugitive, and openly boasted that the G-men would never catch up with Scerria. Through a surveillance of the elaborate Mexico City apartment of a Cleveland hoodlum and friend of Scerria, an individual meeting the latter's description was observed. It was found that this person worked in a wine shop in Mexico City. An SIS Agent visited this establishment under the pretext of purchasing some liquor and recognized a salesman in the store as being the long sought fugitive.

Through contacts of the FBI in Mexican Government circles, Scerria was apprehended on February 17, 1943 and deported to the United States as an undesirable resident. He was eventually returned to Cleveland where he pleaded guilty to the Ohio State charge of extortion by threats of violence and received a sentence of from one to five years. (88-883).

(3.) Charles Angelo Colombo, Jr. This individual was a 25 year old draft dodger who was a member of the ROTC at the University of Illinois in 1938-1940.

With the permission of his draft board, he went to Mexico City to attend summer school and refused to return to the United States despite several official notices from his local Selective Service Board. Colombo

married a native Mexican girl and demanded that his draft board reclassify him from 1A on the grounds of his marriage, and because he had been offered a position as investigator with the priority rating board through the American Embassy in Mexico, D. F. The Bureau's representatives at Mexico quickly determined that although Colombo had applied for such a job, he had not been accepted. In the meantime the United States Attorney at St. Louis authorized prosecution of Colombo. Through the Bureau's contacts with the Mexican Department of Gobernacion, Colombo was deported from Mexico as an undesirable alien and was arrested by Bureau agents as he crossed the border at Laredo, Texas. He later received a four year prison sentence by a Federal Court in St. Louis. (25-138463).

(4.) Merrill Albert Coffey. This individual was reported delinquent by a local draft board in Chicago for failure to report for induction on March 21, 1941. On November 13, 1941 a complaint was filed charging him with a draft violation and the warrant was returned non est, making him a fugitive. Inquiries concerning the subject in the United States indicated that he aspired to be a bull fighter and frequented known haunts of matadors and was a friend of Sydney Franklin, American bull fighter who enjoyed great success in Spain where he was known as the "Brooklyn Bombshell."

SIS Agents made inquiries in Mexico among the bull fighting element and succeed in locating Coffey. He was pointed out to Mexican Government officials and apprehended by them on October 14, 1943. Coffey was delivered by the Mexican authorities to Bureau Agents at Laredo, Texas on October 21, 1943, and waived removal proceedings when arraigned before the United States Commissioner there.

In December, 1943, Coffey was released by the United States Attorney at Chicago to the Military Police to be court-martialed for desertion from the United States Army in 1937. (25-28997)

(5.) George Richard Heiden. In March, 1943, this individual skipped from his employment with the Ford Motor Company at Detroit and proceeded to Mexico for the purpose of evading his Selective Service obligations. In letters to persons in the United States he claimed to have applied for Mexican citizenship for the sole purpose of staying out of the Army, and to have boasted that no one could put him in the Army inasmuch as he had been around enough so that nothing could be put over on him. Heiden also stated that he would probably lose his American citizenship which didn't mean enough "to blow him to hell," and that Mexico "beats the United States a hundred times." Heiden was

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NAME	SIS	CITY	DATE	ASSIGNMENT
		Mexico City	4/43 - 12/43	Undercover
		Mexico (Travel)	9/43 - 4/44	Undercover
		Mexico City	10/43 - 3/45	Undercover
		Mexico City	1/43 - 8/43	Legal Attache
		Guadalajara	1/42 - 12/42	Undercover
		Mexico City	5/43 - 12/43	Official
		Mexico (Travel)	12/41 - 11/43	Undercover
		Monterrey	4/43 - 2/44	Undercover
		Hermosillo	12/41 - 5/42	Undercover
		Chihuahua	12/41 - 8/43	Undercover
		Mexico City	8/43 - 12/44	Legal Attache
		Mexico City	10/43 - 6/46	Undercover
		Mazatlan	7/43 - 10/43	Undercover
		Tampico	9/41 - 8/42	Undercover
		Mexico City	2/43 - 6/43	Official
		Mexico City	5/43 - 7/44	Undercover
		Mexico City	2/44 - 3/44	Undercover
		Mexico City	12/42 - 8/43	Undercover
		Merida	7/42 - 2/43	Undercover
		Acapulco	7/42 - 5/43	Undercover
		Baja California	(Travel) 12/42 - 6/43	Undercover
		Mexico City	3/43 - 8/43	Undercover
		Mexico City	5/44 - 10/45	Undercover
		Mexico City	4/47 - 6/47	Official
		Mexico City	7/44 - 3/46	Undercover
		Mexico City	8/42 - 6/44	Undercover
		Mexico City	3/46 - 4/46	Official
		Mexico City	12/45 - 11/47	Official
		Mexico City	7/46 - 4/47	Undercover
		Mexico City	8/43 - 10/44	Undercover
		Mexico City	9/42 - 9/43	Undercover
		Mexico City	1/42 - 7/42	Undercover
		Mazatlan	6/41 - 1/42	Undercover
		Mexico City	6/46 to Present	Legal Attache
		Acapulco	9/41 - 8/42	Undercover
		Mexico City	7/46 - 4/47	Undercover
		Mexico City	4/44 - 3/45	Undercover
		Mexico City	9/43 - 6/44	Undercover
		Mexico City	2/43 - 9/43	Official
		Mexico City	7/44 - 7/45	Undercover
		Mexico City	2/43 - 11/44	Official
		Mexico City	12/42 - 10/45	Official
		Mexico City	8/43 - 11/44	Undercover
		Mazatlan	3/43 - 9/43	Undercover
		Mexico City	2/41 - 9/43	Undercover
		Mexico City	11/44 - 6/46	Legal Attache
		Guadalajara	11/42 - 10/43	Undercover
		Veracruz	10/42 - 5/43	Undercover
		Torreon	12/41 - 7/42	Undercover

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64-2700-A General File German Activities in Mexi

64-2700-B General File Japanese Activit in Mexic

64-2700-C General File Italian Activitie in Mexi

64-2700-D General File Communis Activiti in Mexi

64-2700-E General File Spanis Activities in Mexic

64-2700-F General File French Activities in Mexico

64-2700-G General File Britis Activitie in Mexi

64-2700-H General File Ameri Activiti in Mexi

64-2700-I General File Hungarian Activities in Mexi

64-2700-J General File Roumanian Activities in Mexi

64-2700-K General File Swis Activities in Mexico

64-2700-L General File Swedish Activitie in Mexi

64-2700-M General File Portuguese Activiti in Mexic

64-2700-N General File Austrian Activities in Mexc

64-2 01 General File Political Matters in Mexic

64-2702 General File Economic Matters in Mexi

64-2 03 General File Social Matters in Mexico

64-2 04 General File Foreign Agen in Mexico

64-2 04-A German Agents in Mexic

64-2704-B Japanese Agents in Mexico

64-2704-C Italian Agents in Mexic

64-2704-D Communist Agents in Mexico

64-2 04-E Spanish Agent in Mexico

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64-2704-F French Agents in Mexico

64-2704-G British Agents in Mexico

64-2704-H American Agents in Mexico

64-2704-J Roumanian Agents in Mexico

64-2704-L Swedish Agents in Mexico

64-2704-N Austrian Agents in Mexico

64-2705 General File on Propaganda in Mexico

64-2705-A German Propaganda in Mexico

64-2705-B Japanese Propaganda in Mexico

64-2705-C Italian Propaganda in Mexico

64-2705-D Communist Propaganda in Mexico

64-2705-E Spanish Propaganda in Mexico

64-2705-F French Propaganda in Mexico

64-2705-G British Propaganda in Mexico

64-2705-H American Propaganda in Mexico

64-2706 General File on Foreign Penetration in Mexico

64-2706-A German Penetration in Mexico

64-2706-B Japanese Penetration in Mexico

64-2706-C Italian Penetration in Mexico

64-2706-D Communist Penetration in Mexico

64-2706-E Spanish Penetration in Mexico

64-2706-F French Penetration in Mexico

64-2707 Sabotage in Mexico

64-2707-A German Sabotage in Mexico

64-2707-C Italian Sabotage in Mexico

64-2708 General File on Foreign Residents in Mexico

64-2708-A German Residents in Mexico

64-2708-B Japanese Residents in Mexico

64-2708-C Italian Residents in Mexico

64-2708-D Communist Residents in Mexico

64-2708-E Spanish Residents in Mexico

64-2708-F French Residents in Mexico

64-2708-G British Residents in Mexico

64-2708-H American Residents in Mexico

64-2709-I Hungarian Residents in Mexico

64-2708-J Roumanian Residents in Mexico

64-2708-K Swiss Residents in Mexico

64-2708-L Swedish Residents in Mexico

64-2708-M Portuguese Residents in Mexico

64-2708-N Austrian Residents in Mexico

64-2709 Chapultepec Radio Intercepts

64-2710 Military and Naval Matters in Mexico

64-2711 General File on Foreign Firms in Mexico

64-2711-A German Firms in Mexico

64-2711-B Japanese Firms in Mexico

64-2711-C Italian Firms in Mexico

64-2711-D Communist Firms in Mexico

64-2711-E Spanish Firms in Mexico

64-2711-F French Firms in Mexico

64-2711-H American Firms in Mexico

64-2711-L Swedish Firms in Mexico

64-2712 General File on Radio Stations in Mexico

64-2712-A German Radio Stations in Mexico

64-2712-B Japanese Radio Stations in Mexico

64-2712-C Italian Radio Stations in Mexico

64-2712-D Communist Radio Stations in Mexico

64-2712-F French Radio Stations in Mexico

64-2712-H American Radio Stations in Mexico

64-2714 General File on Submarine Activities Near Mexico

64-2714-A German Submarine Activities Near Mexico

64-2714-B Japanese Submarine Activities Near Mexico

64-2715 Telephone Surveillances in Mexico

64-2716 Plant Surveys in Mexico

64-200-221 Communist Movement in Mexico

64-211-221 Soviet Diplomatic Activities in Mexico

100-72924 The German Communist Party in Mexico. This file covers general German Communist activities in Latin America.

100-345359 Yugoslav Diplomatic Activities in Mexico

105-5169 Polish Diplomatic Activities in Mexico

100-163705 Communist Party of Spain - Delegation in Mexico. This file also contains the reports on the Unified Socialist Party of Catalonia and the Communist Party of Euzkadi.

64-23410 Federation of Organization to Aid European Refugees (FOARE) and the Fund for Economic Aid to Anti-Fascist European Refugees (FAERAE)

97-2684 Commission to Aid Junta Suprema of National Union, also known as the Spanish National Union

65-38149 Felipe Munoz Arconada, Spanish Communist Secret Writing Case

64-22642 La Voz de Mexico, Mexican Communist Party Newspaper

100-345920 Alfredo Herz Blumenthal, alleged Soviet Agent

65-4330 The "Alto Case" involving Communist secret writing communications known in the domestic field as the Lydia Altschuler et al., and in SIS as Jose David Alfaro Siqueiros et al. The case pertains to the Communist underground.

100-729-24 The Free Germany Movement

64-24773 The Confederation of Workers of Mexico. This file also contains the report on the Confederation of Workers of Latin America.

100-4326 Vicente Lombardo Toledano

100-341720 Kirill Alexeev. This file contains statements made by former Soviet Assistant Commercial Attache who defected in 1946.

100-341561-221 Labor Conditions in Mexico

65-16273 Mexican Microscopic Dot Case known under the code name "Clog Case"

65-37793 German Microdot System

64-309-221 Smuggling Activities in Mexico

b. Administrative Files.

64-4532 Office Administrative File covering Civil Attache's Office, Mexico City

64-4984-221 Office Monthly Reports from Civil Attache's Office, Mexico City

64-4633 Living Conditions in Mexico

67-383675 Office Personnel File for Civil Attache's Office, Mexico City, filed under caption "Embassy, Mexico City, Mexico." The inspection reports for this office are filed separately.

64-4123-221 Informant file for Mexico.

64-29833-221 Police Matters in Mexico

c. Monographs

"Totalitarian Activities in Mexico Today." General monograph covering various phases of SIS investigations in Mexico, published September 1942, 486 pages.

"German Espionage in Latin Am rica." General monograph covering German espionage activities in various countries of Latin America. Pages 22 to 47 pertain to German espionage in Mexico. Published June 1946.

"Communism in Latin America." General monograph covering Communism on a hemispheric basis. Page 32 pertains to the Communist Party of Mexico. This monograph also contains considerable information on Vicente Lombardo Toledano and the Confederation of Latin American Workers. Published January, 1946.

"The Japanese in Latin America." General monograph covering Japanese activities in Latin America. Pages 43 to 55 refers to Mexico. Printed November, 1945.

"History of the Communist Movement in Mexico." Summary memorandum covering the origin and development of the Communist Movement in Mexico. The Memorandum was prepared as of April, 1947 and contains 213 pages. Unpublished; and filed in 64-200-221-446.

"SIS Office, Mexico D. F." Photographs of the facilities of the Civil Attache's Office in Mexico.

"Communism - Labor in Mexico" Unpublished monograph on Communism and labor in Mexico. Filed in Bureau Library, J-597.

F. NICARAGUA

1. SIS Facilities and Objectives

SIS coverage in Nicaragua was first inaugurated in January, 1941 when a Special Employee was assigned to that country in an undercover capacity. In March, 1942, the first Agent was assigned openly in Nicaragua. That Agent was sent at the request of President Anastacio Somoza to conduct a police school. However, he became a close confidant of President Somoza and several of the high government officials in Nicaragua. Due to his contacts with them he was able to obtain a great deal of information not available to other branches of the American Government and also was able to influence Nicaraguan policy.

The first Legal Attache was assigned to Nicaragua in November, 1942, and coverage was increased gradually until October, 1943, when four Agents were assigned to that country. In July, 1946, before the final closing program began, two Agents were stationed in Managua.

The Legal Attache's office in Managua, Nicaragua, was furnished space in one of the American Embassy buildings and a Bureau radio station was installed in the early part of 1946.

The Bureau's representatives in Nicaragua were primarily concerned with ascertaining the activities of Axis nationals resident in that country and, in general, covering local political matters. In addition to these activities, the SIS personnel in Managua were able to furnish the Nicaraguan Government advice on enemy alien control and on matters of non-military national defense. These services were highly praised by the American Ambassador in Nicaragua prior to the closing of the SIS office in that country on March 27, 1947. (64-4514).

2. Major Accomplishments

a. Control of Axis Nationals

(1.) Investigations of Axis Nationals. One of the most important projects of SIS representatives in Nicaragua was in the investigation and securing of information concerning various Axis nationals in that country. A considerable amount of this type of information was secured and was correlated by the Bureau representative working with the Nicaraguan Government and by the Bureau representative attached to the American Embassy. On the basis of these investigations, lists of possible subjects for deportation to the United States for the safety of Nicaragua and the Allied Nations were drawn up and submitted to the Nicaraguan Government and the proper United States authorities. (64-2404-A-37 and 331, 64-2408-29,100-2-3810)

It was found that with respect to individuals deported to the United States for internment, derogatory information had been furnished by Bureau representatives on the majority of them. One hundred and one individuals were deported from Nicaragua during 1942 and 1943. A few of the most important of these individuals were:

Ernesto Hammer	Fritz Fuchs
Kurt Mayer	Erich Puschendorf
Hans Willy Riedel	Max Wilms
Rudolf Eyl	Julio Balcke
Guillermo Pentzke	

The large quantities of commercial and financial information gathered and submitted by the Bureau's representatives was of considerable value to the equitable functioning of the United States Proclaimed List of Certain Blocked Nationals. The following individuals and firms were among those placed on the List partially as a result of information furnished by the SIS Agents:

Julio C. Bahlcke	Otto Arnold
Ernesto Hammer	Morris Pataky
Guillermo Huper	Fritz Morlock
Palazio y Cia., Ltda.	Oscar Wilms

(64-2408-A-3, 64-2200-A-45, 64-2404-A-38, 64-2400-361, 64-1004-A-219, 64-2401-78)

(2.) Control Measures Adopted with SIS Aid. Information secured by SIS representatives and the cooperation of Bureau personnel with the Nicaraguan Government were to some extent instrumental in the passing of the Emergency Laws by the Nicaraguan Congress in April of 1942. (64-2401-87)

In May, 1942, the Nicaraguan Government passed a law providing for the registration of aliens and making it mandatory for aliens, whether enemy aliens or not, to carry a "cedula" book with them at all times. The law also contained a provision providing a heavy penalty for failing to register or for perjury. The passage of this law was of considerable assistance to the Nicaraguan Government in maintaing control of aliens in the Republic, and it of course produced the necessary valuable records from which the United States Government could gather much valuable information. Its passage was aided and assisted by the Bureau representative who was working with the Nicaraguan Government at that time. (64-2408-25)

Two months later the Nicaraguan Government passed a law prohibiting exportation and importation of currency and coins minted in the United States. This law gave the Nicaraguans considerable control over the movement of Axis funds within the country, and the Bureau representative previously mentioned was of considerable assistance in having the law passed.

One procedure suggested by the Bureau's representative, and subsequently adopted by the Nicaraguan Government, was the requirement that before any action be taken in regard to issuing exit visas, the passports of all American citizens were to be verified by the American Embassy. This procedure was of considerable value to the United States and was stated to be such by the American Ambassador in Nicaragua. (100-16567-1)

b. Communist Activities

On December 16, 1944 Nicaragua diplomatically recognized Soviet Russia. SIS investigations had previously indicated that this would happen. Attempts to organize a Communist Party in Nicaragua had met with opposition from the government authorities during the previous several years. Individuals charged with Communist activities were imprisoned or exiled by President Somoza. It was developed through SIS investigations that the Communist elements in Nicaragua had received support and encouragement from the Communist Party in Costa Rica. President Somoza relaxed his opposition to the organization, and in 1944, giving tacit consent to the organizing of the Socialist Party of Nicaragua. This party was formed through the efforts of individuals formerly identified with Communist activities. Investigations of SIS personnel indicated that President Somoza's policy of allowing the organization of political and labor groups was made as a matter of political expediency following threats to the security of his administration during the political disturbances which occurred in July, 1944.

Although the activities of the Partido Socialista de Nicaragua, the alleged Communist Party in Nicaragua, were declared illegal by the Nicaraguan Government in November, 1944, this same faction, in the first half of 1945, energetically and clandestinely extended its scope of activities. In August, 1945, this same Party publicly opposed the reelection of President Somoza and advocated that the Nicaraguan masses turn from the traditional political parties and struggle for the economic and social improvement of their country. Investigations by SIS personnel reflected that the Partido Socialista de Nicaragua played a dominant role in the growth of the labor movement in Nicaragua and through the Federation de Trabajadores de Managua (The Workers' Federation of Managua), which it reputedly controlled, it exercised considerable influence over the Nicaraguan laboring element.

On August 19, 1945, however, several Communist leaders were deported from the country and information was developed that the strength and influence on labor and political issues was considerably weakened.

c. Political Matters

President Anastasio Somoza of Nicaragua was another of the dictators who ruled with an iron hand in Central America. However, President Somoza was cooperative with Bureau representatives. Inasmuch as he was in control of the army and the political arena, there was virtually no effective opposition in the country. The most serious opponents to his regime were located outside the country as exiles in neighboring nations. SIS investi-

gations reflected that the anti-Somoza forces, by 1945, had become more active than in the past. Intercepted correspondence between General Emiliano Chamorro and Juan B. Saeasa, both exiled former Presidents of Nicaragua, indicated possible concurrent plans designed to cause the defeat of President Somoza. Chamorro, who was President as early as 1916 and who was exiled to Mexico City in the middle 1930's, and Sacasa, who made Beverly Hills, California, his home, were in contact as to ways and means to eject themselves,once more,successfully into Nicaraguan political life.

The Bureau through its various contacts and sources of information obtained adequate coverage of the political situation in Nicaragua and was thus able to keep appropriate Government agencies advised of the latest developments. Because some of the more prominent opposition leaders were exiled from Nicaragua to neighboring countries, the Bureau's facilities made it possible to keep abreast of Nicaraguan politics throughout Central America, particularly in Mexico and in Costa Rica. This coordination of information concerning Nicaragua, obtained in the several countries, was very valuable in presenting a composite picture of the various revolutionary currents against Somoza.

Information regarding the activities of the anti-Somoza groups was of interest to the Ambassador who, while following State Department instructions to maintain strict neutrality in Nicaraguan political affairs, was allowed to assist the opposition groups whenever possible but just so far that Somoza could not prove any attempt to intervene on the part of the United States. (64-2401; 64-4514-153).

3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Nicaragua: b2 b7C

NAME	SIS	CITY	DATE	ASSIGNMENT
		Managua	6/46- 4/47	Legal Attache
		Managua	4/44- 2/45	Legal Attache
		Managua	12/44- 6/46	Legal Attache
		Managua	7/41- 3/42	Undercover
		Managua	5/45- 9/45	Undercover
		Managua	11/42- 3/43	Legal Attache
		Managua	6/46- 8/46	Official
		Managua	4/42- 9/42	Undercover
		Managua	10/43- 2/44	Police Liaison
		Managua	1/41- 3/43	Undercover
		Managua	3/42-10/43	Official
		Managua	11/42-10/43	Undercover

4. Bibliography

a. Principal Investigative Files

64-2400 General Miscellaneous Files on Nicaragua

64-2400-A Genaral File on German Activities in Nicaragua

64-2400-B General File on Japanese Activities in Nicaragua

64-2400-C General File on Italian Activities in Nicaragua

64-2400-D General File on Communist Acticities in Nicaragua

64-2400-E General File on Spanish Activities in Nicaragua

64-2400-F General File on French Activities in Nicaragua

64-2400-G General File on British Activities in Nicaragua

64-2400-H General File on American Activities in Nicaragua

64-2400-K General File on Swiss Activities in Nicaragua

64-2401 Political Matters in Nicaragua

64-2402 Economic Matters in Nicaragua

64-2403 Social Matters in Nicaragua

64-2404 General File on Foreign Agents in Nicaragua

64-2404-A German Agents in Nicaragua

64-2404-B Japanese Agents in Nicaragua

64-2404-C Italian Agents in Nicaragua

64-2404-D Communist Agents in Nicaragua

64-2404-E Spanish Agents in Nicaragua

64-2405 General File on Propaganda in Nicaragua

64-2405-A German Propaganda in Nicaragua

64-2405-B Italian Propaganda in Nicaragua

64-2405-D Communist Propaganda in Nicaragua

64-2405-E Spanish Propaganda in Nicaragua

64-2405-F French Propaganda in Nicaragua

64-2405-G British Propaganda in Nicaragua

64-2405-H American Propaganda in Nicaragua

64-2406 General File on Foreign Penetration in Nicaragua

64-2406-A German Penetration in Nicaragua

64-2406-B Japanese Penetration in Nicaragua

64-2406-C Italian Penetration in Nicaragua

64-2406-D Communist Penetration in Nicaragua

64-2406-E Spanish Penetration in Nicaragua

64-2406-F French Penetration in Nicaragua

64-2406-G British Penetration in Nicaragua

64-2407 Sabotage in Nicaragua

64-2408 General File on Foreign Residents in Nicaragua

64-2408-A German Residents in Nicaragua

64-2408-C Italian Residents in Nicaragua

64-2408-D Communists Residents in Nicaragua

64-2408-E Spanish Residents in Nicaragua

64-2408-F French Residents in Nicaragua

64-2408-G British Residents in Nicaragua

64-2408-H American Residents in Nicaragua

64-2410 Military and Naval Matters in Nicaragua

64-2411 General File on Foreign Firms in Nicaragua

64-2411-A German Firms in Nicaragua

64-2411-B Japanese Firms in Nicaragua

64-2411-C Italian Firms in Nicaragua

64-2411-E Spanish Firms in Nicaragua

64-2411-F French Firms in Nicaragua

64-2411-G British Firms in Nicaragua

64-2412 Radio Stations in Nicaragua

64-2414 Submarine Activities near Nicaragua

64-2416 Plant Surveys in Nicaragua

64-200-222 The Communist Movement in Nicaragua

100-341561-222 Labor Conditions in Nicaragua

b. Administrative Files

64-4514 Office Administrative File for Legal Attache's Office, Managua, Nicaragua.

64-4984-222 Office Monthly Reports for Legal Attache's Office, Managua, Nicaragua.

64-4963 Living Conditions in Nicaragua

64-29833-222 Police Matters in Nicaragua

67-383685 Office Personnel File for Legal Attache's Office filed under "Embassy, Managua, Nicaragua". The Inspection Reports for this office are filed separately.

64-4123-222 Informant File for Nicaragua.

c. Monograph

"Labor-Communist Movement in Central America". Unpublished monograph which deals in part with labor and Communism in Panama. Prepared as of Fall 1946. Proof copy filed in Bureau Library.

PANAMA

1. SIS Facilities and Objectives

The delimitation agreement under which the Bureau operated in America set Panama aside as the special province of the War Department. order to complete the information on subversive activities which the Bure received from other parts of the Hemisphere, it was necessary to establis limited coverage on the Isthmus.

In December, 1940, and January, 1941, visits were paid to Panam by two undercover representatives for a few weeks. In March, 1942, the fi permanent undercover representative was assigned to Panama on a highly confidential basis and this type of coverage was maintained until the SIS program was terminated in March, 1947.

In May, 1945, the first Special Agent was sent to Panama in an official liaison capacity as Legal Attache. Peak coverage was reached in June, 1946, when there were five SIS representatives in Panama. The Legal Attache's Office was closed in August, 1946, since it was found impracticab to maintain this office without the full authority allowed the other Legal Attache's Offices, which authority was refused by the War Department.

The Bureau's official representatives in Panama acted almost enti in a straight liaison capacity. Contacts were maintained with the various United States governmental agencies including the Embassy, the Military Attache, Military Intelligence, the Provost Marshal, Civil Intelligence grou and local Police organizations. This liaison served a very useful purpose i furnishing Bureau cooperation from these agencies which was essential to com intelligence coverage of the Western Hemisphere and to the discharge of the Bureau's duties in criminal work. Through their contacts, the Bureau's representatives were able to cover leads both for SIS and the Domestic Field in Applicant cases, Internal Security Matters, Espionage, Selective Service and many types of criminal cases. These Agents were also able to interview Merchant Seamen who arrived regularly at Panama and who were wanted as subject or witnesses by the Domestic Field.

One of the most productive features of the Legal Attache's office was the Police Liaison work which has been described in another section of t memorandum.

The Legal Attache's office in Panama City was furnished space in the American Embassy. The office was finally closed due to the refusal of the War Department to grant the Bureau's representatives the full authority given to the regular Legal Attaches in other countries. (66-16317)

2. Major Accomplishments

a. Burglary Investigation for the Army

At the specific request of the Provost Marshal's Office in the Panama Canal Zone a Bureau Agent working under the cover of [redacted] investigated, in the later part of 1945, numerous thefts which occurred at various air fields in the Canal Zone during that year. Through his inquiry, the Bureau's representative successfully eliminated as suspects several army officers who were previously suspected as having been implicated in the thefts. In addition, while previously there had been many such burglaries each week, a sharp decline in the number of these crimes resulted and morale among the various units substatially improved. Upon the completion of this inquiry various Army officials in the Canal Zone expressed their appreciation. (64-31633; 66-16317; 62-79103) b7E

b. Survey of German Legation Archives

The Bureau's SIS office in Panama had occasion to interest itself in the activities of the Spanish Charge d'Affaires, Manuel Onos de Plandolit at the time when the local authorities endeavored to acquire the German Legation Archives which were in the possession of the Spanish Legation. That individual was reliably reported to have burned some of the German records held by him. It was alleged that he operated an intelligence organization in Panama and also that he possessed open pro-Nazi sympathies. As a result of his activities Onos was declared "Persona non grata" by the government of Panama and was recalled to Spain.

When custody of the German archives was obtained by American authorities, one of the Bureau's representatives was assigned to review them. In connection with this work, the American Ambassador, Frank T. Hines, submitted a dispatch to the State Department on January 25, 1946, which stated that this Agent "rendered the Embassy valuable assistance in correlating and translating more than half of the material which was found in the archives of the former German Legation. He was largely responsible for the assembling of the report which was forwarded with Embassy dispatch #5002, October 15, 1945, subject, 'Transmitting report on the former German archives in Panama.' Since the completion of that work he has been making the various studies for the Department as requested regarding those former German residents of Panama now interned in the United States." (65-55516)

c. Local Political Affairs

In addition to their liaison work, the SIS representatives in Panama also kept the Bureau advised of the important developments in the Panamanian political picture and the activities of the Communists in Panama. This information was necessary to complete the Bureau's coverage of subversive activities in the Western Hemisphere. (64-2501; 64-200-223)

b7C
b2

5. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Panama:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Panama City	5/42 - 2/43	Undercover
		Panama City	8/46 - 3/47	Undercover
		Panama City	6/42 - 5/44	Undercover
		Panama City	6/46 - 3/47	Undercover
		Panama City	7/42 - 12/45	Undercover
		Panama City	4/46 - 3/47	Undercover
		Panama City	6/45 - 2/48	Official
		Panama City	5/45 - 8/46	Legal Attache
		Panama City	8/45 - 8/46	Police Liaison
		Panama City	8/45 - 2/46	Army
		Panama City	12/40 - 1/41	Undercover
		Panama City	1/41 - 2/41	Undercover

4. Bibliography

a. Principal Investigative Files

64-2500 General Miscellaneous File on Panama

64-2500-A German File on German Activities in Panama

64-2500-B General File on Japanese Activities in Panama

64-2500-C General File on Italian Activities in Panama

64-2500-D General File on Communist Activities in Panama

64-2500-E General File on Spanish Activities in Panama

64-2500-F General File on French Activities in Panama

64-2500-H General File on American Activities in Panama

64-2501 Political Matters in Panama

64-2502 Economic Matters in Panama

64-2503 Social Matters in Panama

64-2504 General File on Foreign Agents in Panama

64-2504-A German Agents in Panama

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64-2504-B Japanese Agents in

64-2504-C Italian Agents in Panama

64-2504-D Communist Agent in Panama

64-2504-E Spanish Agent in Panama

64-2504-F French Agents in Panama

64-2504-J Roumanian Agents in Panama

64-2505 General File Propaganda in Panama

64-2505-A German Propaganda in

64-2505-D Communi Propaganda in Panama

64-2505-E Spanish Agents in Panama

64-2505-F French Agents in Panama

64-2505-H American Agents in Panama

64-2506 General File Foreign Penetration in Panama

64-2506-A German Penetrati in Panama

64-2506-B Japanese Penetration in Panama

64-2506-C Italian Penetrati in anama

64-2506-D Communi Penetrati in Panama

64-2506-E Spanish Penetrati in Panama

64-2507 Sabotage in Panama

64-2508 General File Foreign Residents in Panama

64-2508-A German Residents in Panama

64-2508-B Japanese Residents in Pan

64-2508-C Italian Residents in Panama

64-2508-D Communist Residents in Panama

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64-2508-E Spanish Residents in Panama

64-2508-F French Residents in Panama

64-2508-H American Residents in Panama

64-2508-N Austrian Residents in Panama

64-2510 Military and Naval Matters in Panama

64-2511 General File on Foreign Firms in Panama

64-2511-A German Files in Panama

64-2511-B Japanese Firms in Panama

64-2511-E Spanish Firms in Panama

64-2511-H American Firms in Panama

64-2512 Radio Stations in Panama

64-2514 Submarine Activities near Panama

64-2516 Plant Surveys in Panama

65-55316 Records of the German Legation in Panama

64-200-223 Communist Movement in Panama

b. Administrative Files

64-16317 Office Administrative Files for Legal Attache's Office, Panama City, Panama

64-4984-223 Office Monthly Reports for Legal Attache's Office, Panama City, Panama

67-400869 Office Personnel File for Legal Attache's Office filed under, "Embassy, Panama City, Panama".

64-4830 Living Conditions in Panama

64-29853-223 Police Matters in Panama

64-4123-223 Informant File for Panama

c. Monograph

"Labor-Communist Movement in Central America." Unpublished monograph which deals in part with labor and Communism in Panama. Prepared as of Fall 1946. Proof copy filed in Bureau Library.

AA. PARAGUAY

1. SIS Facilities and Objectives

SIS coverage in Paraguay was first inaugurated in February, 1941 when one Special Agent was assigned to that country in an undercover capacity for two months. The first permanent undercover agent was sent to Asuncion in August of that year and nine months later the first Legal Attache was assigned to the Embassy. SIS personnel in Paraguay reached the peak point during Summer 1943, with a total of four agents. In July 1946, when the final closing program was started there were three agents in Asuncion. SIS activities in Paraguay were finally terminated in February, 1947.

In Asuncion, the Bureau's representatives occupied space in the Embassy building. Due to the adverse conditions under which they had to work because of the pro-Axis sympathies of many Paraguayan government officials, it was also necessary to rent an auxiliary office where certain informants could be interviewed.

A Bureau radio station was installed in the Embassy building and in times of emergency its facilities were available to the other sections of the Embassy. This station was of great value in keeping the Bureau and the State Department appraised of the developments of the various revolutionary movements which occurred during the period of SIS coverage.

The primary function of the Bureau's representatives in Paraguay was to ascertain the identity and activities of Axis agents. Investigations along these lines were conducted to produce information of intelligence value and also to secure data upon which the United States Embassy could endeavor to get action by the Paraguayan Government against such agents. In addition to those investigations, the Legal Attache's Office also found it necessary to closely follow the turbulent local political situation.

2. Major Accomplishments

a. Relations with Paraguayan Government Officials

SIS investigations of German activities were frequently hampered by the open pro-Axis sympathies of many Paraguayan officials. The long history of dictatorship in Paraguay made many persons sympathetic to the Nazi system and the ruling clique in the army were especially susceptible to German influence. By diligent effort, however, the Bureau's representatives were able to make some excellent contacts as sources of information and, in certain instances, secured cooperation from important Paraguayan officials, even, on occasion, being able to influence governmental policy.

By virtue of the efforts of the Legal Attache's Office in Asuncion, it was possible to establish close liaison with various high Paraguayan government officials. One former Chief of Police, Mutshuito Villasboa, was extremely pro-Axis in sympathy, thus making it difficult for the Legal Attache to obtain cooperation from the Police Department. However, [redacted] who was pro-Allied and cooperative, proved of utmost assistance. An important informant was also developed by the Legal Attache within the Paraguayan Post Office and through this individual it was possible to obtain any and all mail directed to any individual within the country suspected of engaging in subversive activities. Liaison was established with other Censorship officials within the country and arrangements perfected whereby the Legal Attache was informed concerning suspected correspondence emanating from or directed to persons in Paraguay. b7C b7D

In March, 1943, when it became apparent that Paraguay would, of necessity, have to adopt some measures restricting the activities of her Axis nationals, that government was somewhat at a loss as to how to proceed, and called upon the American Embassy for suggestions. The SIS Legal Attache thereupon prepared a document setting out suggested restrictions upon travel of these nationals, providing for a registration of them with government authorities. That memorandum was translated by the Legal Attache into Spanish and given by the American Ambassador to the Paraguayan Foreign Office. The suggested legislation, based upon similar legislation found desirable in the United States, was enacted by the Paraguayan legislative body into law in the verbatim language of the memorandum prepared by the Legal Attache. (64-4506-17; 64-3700-A)

b. German Activities

The German colony in Paraguay numbered between 15,000 and 16,000 individuals. This group was intensely nationalistic and therefore highly susceptible to Nazi doctrines. This situation was recognized by the Nazis themselves and the first effort to indoctrinate any German colony in Latin America was made by the Nazis in 1931, two years before they came to power in Germany.

From the standpoint of the war effort, the German activities in Paraguay were chiefly important from the possibility of disrupting the unity of the Western Hemisphere and as a breeding ground for Nazi agents who were sent to more important countries to aid the German intelligence services.

(1.) Control of the Banco Germanico de la America del Sud. On October 2, 1943, Paraguayan Government officials began intervention proceedings against the Banco Germanico de la America del Sud and representatives of the Ministry of Interior and the Ministry of Finance entered the bank property and confiscated all records, both bank and private, which were believed to be of value for subsequent study. This action

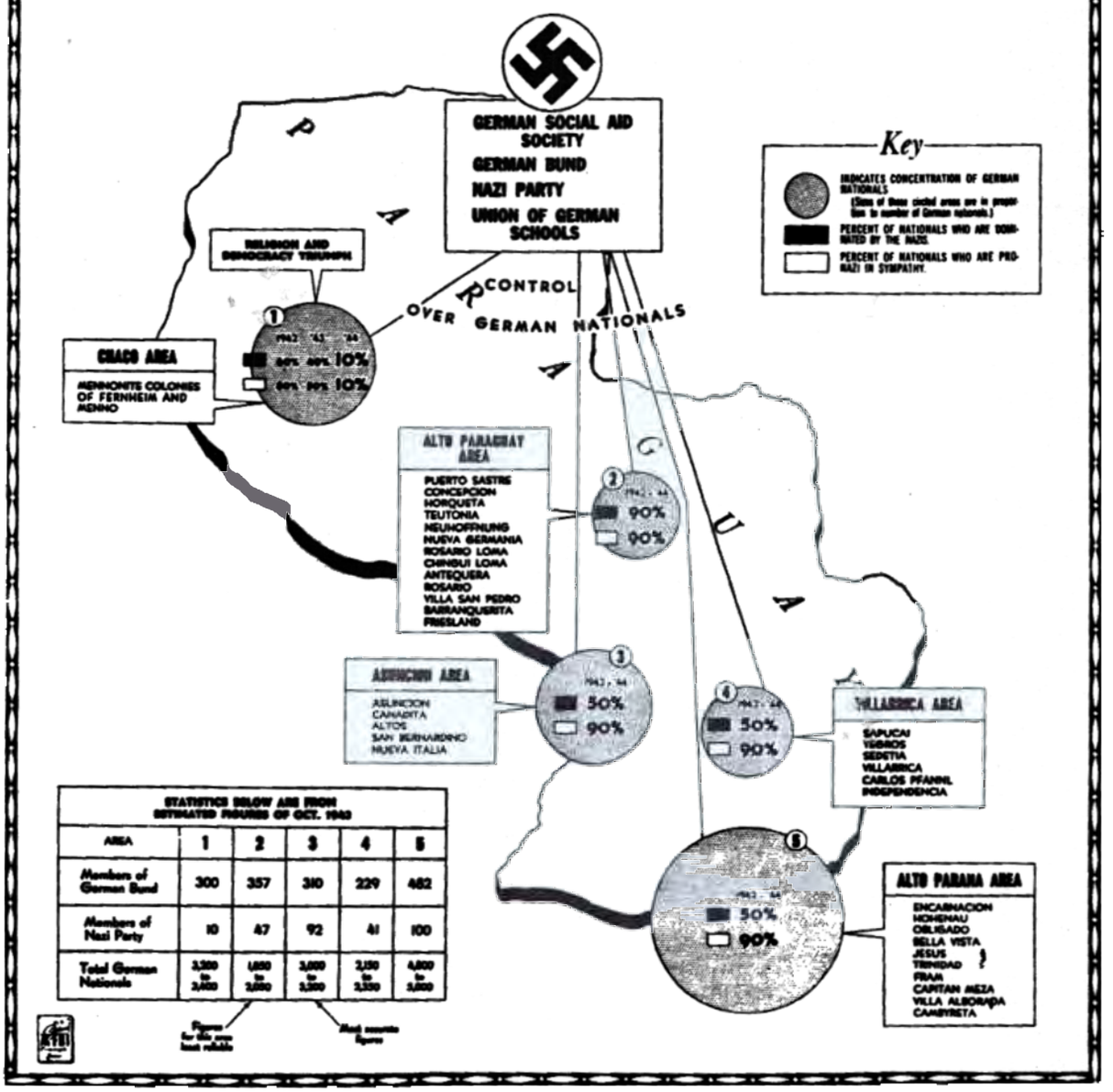
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REPUBLIC OF PARAGUAY

NAZI MENACE

(BY DOMINATION OF THE GERMAN RESIDENTS)

Total German Nationals 15,000 - 16,000



STATISTICS BELOW ARE FROM ESTIMATED FIGURES OF OCT. 1943					
AREA	1	2	3	4	5
Members of German Bund	300	357	310	229	482
Members of Nazi Party	10	47	92	41	100
Total German Nationals	2,500 to 2,600	1,850 to 2,000	3,000 to 3,200	2,150 to 2,350	4,800 to 5,000

Figures for this area least reliable

Most accurate figures

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climaxed an investigation instituted by SIS representatives and the intervention of the bank was planned after conversations were held by Paraguayan Minister of Finance, Rogelio Espinosa; Mario Ferrario, Chief of Confidential Matters of the Ministery of the Interior; Duwayne Clark, Commercial Attache of the American Embassy in Asuncion; and the Legal Attache. It was planned that the move would be a surprise and that entrance of the bank would be made after the close of business on a Saturday in order that there would be sufficient time over the week-end to search and review all pertinent material discovered in the bank.

This step which was taken by the Paraguayan Government was believed to be of utmost importance in the investigation and control of German activities in Paraguay and constituted the most important single step taken by the Paraguayan Government after the breaking of diplomatic relations.

As the intervention was a complete surprise, the bank officials did not have time to destroy their books and records and among the material found was 220 pages of code purported to be bank code. Two interveners were appointed by the Paraguayan government. These men remained on duty in the bank during the working hours and all correspondence and transactions had to be approved by them.

The most significant thing about the appointment of an intervener for the German Bank was the Paraguayan Government's apparent willingness to cooperate with United States officials in the suppression of subversive activities by enemy agents. The German Bank of Asuncion had long been suspected as being the seat of Nazi activities in Paraguay and the activities of the Paraguayan authorities contributed in no small way to the suppression of subversive activities by the Germans. (64-20433)

(2.) German Social Aid Association or Asociacion Alemana de Ayuda Social Subsequent to the breaking of diplomatic relations with the Axis by Paraguay, the Germans in that country formed a society known as the "Asociacion Alemana de Ayuda Social" to safeguard and continue various German organizations other than political in Paraguay. The society was authorized to function by the Asuncion Police Department on April 25, 1942 and authorization was granted by the Ministry of the Interior on May 5, 1942. The purpose of this society was to aid needy Germans, the German Hospital, and the schools and cultural institutions. Extensive and intensive investigation by SIS representatives reflected that although this society operated legally and ostensibly as a legitimate organization for the purpose of aiding institutions, it was strongly suspected that it formed a basis for many of the German propaganda and subversive activities being carried on in Paraguay. A list of the members of the association included the most influential and outstanding Germans in Paraguay and almost without exception all members were described as being violently pro-Nazi.

A summary of information obtained by Bureau representatives in Paraguay concerning this organization was made available to the Paraguayan Government through appropriate diplomatic channels and resulted in the appointing of interveners by the Paraguayan Government in order that the activities of the organization would be subjected to close scrutiny. (64-20437)

(3.) Germanic Union of Paraguay or the Union Germanico del Paraguay. On October 20, 1943, the Ministry of Interior of Paraguay by resolution ordered the Union Germanico del Paraguay, also known as the "Deutscher Volkesbund Fur Paraguay" a Nazi organization at Asuncion, Paraguay, dissolved. Interveners were appointed by the Government authorities to supervise the liquidation of the organization on October 25, 1943.

Investigation concerning this organization by SIS representatives revealed that it was founded in Paraguay in September, 1916, under the name of the "German Society". In 1942 the organization was composed of 1656 members. In 1933 the Union and all the members thereof became allied with the Third German Reich and were closely associated with the German School Society. Although the Union was not openly active in politics or propaganda the extensive investigation and examination of the correspondence of the Union by SIS representatives revealed that the Union was in accord with the objectives of the Third Reich and was regarded by many of its members as being identical with the Nationalist Socialist German Workers' Party.

The action on the part of the Paraguayan government in closing this organization was considered a major development in connection with the elimination of subversive elements in that country and resulted largely from the close cooperation between Bureau representatives in Paraguay and the Paraguayan Ministry officials. (64-26487)

(4.) Walter Streich. Investigation inaugurated by Bureau representatives in Asuncion, Paraguay, revealed that Walter Streich, resident of Colonia Hohenau and a German dentist who came to Paraguay in 1938, was receiving thirty copies a week of "La Plata Post," a German language newspaper published in Buenos Aires which was prohibited entry into Paraguay. Additional inquiries revealed the fact that Streich was a member of the Union Germanico Del Paraguay.

Through appropriate diplomatic channels all information in possession of the Legal Attache was made available to Mario Ferrario, Chief of Confidential Matters, Ministry of the Interior, who subsequently caused a search to be made of the premises of Streich and who immediately thereafter had Streich arrested. Streich was subsequently tried by the Paraguayan authorities and was sentenced on November 22, 1943 to one year in the penitentary for his activities in connection with the distribution of German propaganda. (64-27349)

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(5.) Fraudulent Paraguayan Identification Documents. A list of fraudulent Paraguayan "cedulas" of identification was obtained in [redacted] by the Legal Attache at Asuncion. The "cedulas" were issued by the ex-Chief of Police of Asuncion, Colonel Mutshuito Villasboa, and his private secretary, Reque Plutarco Mello (Vargas). As of September, 1944, it was reported that a number of German espionage agents and escaped "Graf Spee" personnel had been in the possession of these "cedulas" issued in the names of either fictitious persons or individuals actually living in Paraguay who were unaware of the existence of such documents. The possibility existed that these "cedulas" might be used as a means of identification by such agents to prove their identity in a Legation or a Consulate of Paraguay or another country for the purpose of obtaining travel documents.

Among the documents issued by the Asuncion Police Department believed fraudulent was one reported in the name of William Fred Parker dated January 6, 1943. It was later known that Gustav Edward Utzinger, imprisoned German espionage agent in Buenos Aires, used the alias "Parker" in his operations in Argentina, and it was believed that he had such a document in his possession as well as one in the name of Juan Manuel Stewart. All SIS Offices were placed on the alert with reference to the identification of individuals known to be bearing any of the fraudulent "cedulas" issued at Asuncion.

During 1945 the holders of the fraudulent "cedulas" of identification issued by Colonel Mutshuito Villasboa were all identified and the majority of them were incarcerated in Buenos Aires, Argentina, on charges of Axis espionage. (65-47120-995; 64-22361-34)

(6.) Pablo Stagni. One of the most dangerous German espionage agents and collaborators in the Western Hemisphere was Lieutenant Colonel Pablo Stagni, of the Paraguayan Air Corps. He was violently pro-Nazi and through his position in the Paraguayan government he was able to be of great assistance to the Germans. It was reported that his fanaticism even carried him to the point of sabotaging the airplanes furnished the Paraguayan Air Force by the United States under a lease-lend arrangement.

Information received during the summer of 1943 from highly delicate sources involved Pablo Stagni in the clandestine German radio ring (HDZ) centered in Argentina. He was revealed by SIS inquires to be in touch with one "Jony", also a collaborator in the ring, and one "Gustav" in Buenos Aires, believed to be a relief radio operator in the ring. It was also ascertained that reports and information were forwarded between Argentina and Paraguay for the ring through the Paraguayan Air Force's diplomatic mail. Through this source it was ascertained in early 1944 that Stagni had attempted to influence Paraguayan President Higinio Morinigo into making agreements with Argentina during his December, 1943, trip there, binding the two countries to mutual support and evading United States restrictions on shipments of munitions and supplies to Argentina. The agreements were apparently sponsored by the German ring, or at least favored by them.

The information developed regarding Stagni was furnished to the Embassy for their guidance in dealing with him. In Spring, 1945, the United States Military Authorities sponsored a visit to this country by a mission of Latin American Military Officers. Stagni was invited and made the trip over the protests of the Bureau. (65-47120; 64-4506)

c. Japanese Activities

The Japanese colony "La Colmena" at Ibytymi, Paraguay, was founded May 15, 1936 by the Empresa Colonisadori Japonesa subject to decree No. 1026 of the Paraguayan Government dated April 30, 1936. The first decree authorized the entrance into Paraguay of 100 families of Japanese; however a subsequent decree authorized the Paraguayan Development Corporation, S. A. to bring into Paraguay 1000 families of Japanese agriculturists within a period of five years. The colony is situated in the Department of Ybytymi and is located 100 kilometers to the southeast of Asuncion. According to the census of October 7, 1941 there were approximately 1000 persons of Japanese descent living in the colony. The total area of the Colony is 10,849 hectares.

Subsequent investigation by SIS representatives in Paraguay revealed that the Japanese Consulate and the Yokohama Specie Bank in Buenos Aires were financing the Japanese colony in Paraguay. The Japanese Overseas Immigration Association opened a branch at Asuncion on May 15, 1943 in charge of Shigeto Kishi. This association, it was revealed, performed certain consular functions and was established to circumvent the closing of the Japanese Consulate in Asuncion in March, 1942. The funds were remitted to Asuncion by the Japanese Consulate in Buenos Aires in lots of 1000 Argentine pesos. The colony at Ybytymi, Paraguay, it was revealed, contributed 700 Argentine pesos to the Japanese Military and Naval Attaches in Buenos Aires for inclusion in the fund for relief of the Japanese soldiers and sailors.

Additional investigation also revealed that the Yokohama Specie Bank in Buenos Aires remitted to Asuncion in July, 1943, approximately $1173 in American money for the use of the Japanese colony in Ybytymi. Further investigation of the Japanese Embassy bank account in Buenos Aires revealed payments of various sums to various Japanese in the colony at Ybytymi.

The Legal Attache in cooperation with the Commercial Attache submitted copies of a memorandum to Mario Ferrario, Chief of Confidential Matters suggestin certain action to be taken in order to control Japanese activities at the colony. As a result of the suggestions tendered by the Commercial and Legal Attaches, an intervener was appointed by the Paraguayan authorities to control the activities of the Japanese residents in the country. The action of the Paraguayan authorities in appointing an intervener for the colony was considered of major significance in connection with the control of subversive activities. (64-3708-B-5-6-7-8-9-10-12)

d. Smuggling and Economic Matters

A good deal of the clandestine smuggling of raw rubber and rubbe tires from Brazil to Argentina went through Paraguay. This field provided extensive employment for personnel and informants in the Office of the Leg Attache in Asuncion.

Because of the failure of the Argentine Government to cooperate with the Allies in World War II, coupled with the assistance given by that country to the Axis powers, the Foreign Economic Administration, in 1944, declined to furnish any export licenses for exportation of materials and commodities from the United States to Argentina, with the exception of thos which were necessary for the preservation of the health of the Argentine people. As a result of this action, imports into Argentina were greatly curtailed which forced the Argentine nation to resort to smuggling tactics. In an effort to ascertain the scope of these activities, the Foreign Economi Administration called upon the Bureau to investigate the smuggling of materials and commodities into Argentina.

SIS representatives in Paraguay, during 1944, uncovered a smuggling ring headed by Manuel Lucero, an Argentine citizen. This group obtained its tires and tubes at Pedro Juan Caballero, Paraguay, located on the Brazil frontier in an isolated area opposite Ponta Pora, Brazil, which was the point of origin for the tires. The smuggled tires, which reportedly ran into the hundreds, were trucked from this Paraguayan border town to Concepcion, Paragu where they were delivered to Francisco Casa. From there, boats of the Dodero Line transported them to Asuncion, from which place, under the custody of Americo Arce, they were transported to Clorindo or Formosa, Argentina. Manue Lucero apparently had an agreement with the National Transport Company of Buenos Aires to deliver 3,000 tires in that manner and it was reported that each tire brought a price of $250 and up. (64-309-224)

Throughout the war SIS reports were consulted by the Commercial and Economic Sections of the Embassy relative to the placement of firms on the black list.

Investigation by SIS representatives produced a great deal of information pertaining to numerous concerns doing business in Paraguay which resulted in their being placed or maintained on the United States Proclaimed List of Blocked Nationals. The following are some of the firms which fall within this category: Gran Hotel del Paraguay, Hotel del Lago, Banco Germanico de la America del Sud, Ferreteria Universal, S. A., Staudt y Cia Krauch y Cia., I. P. A., S. A., 64-3704-A-50; 64-3704-50; 64-3708-A-10; 64-3704 A-30; 64-3708-A-20; 64-3711-A-4; 64-3704-A-82; 64-3706-A-2; 64-1006-51; 64-3700-42; 64-3711-A-1; 64-3700-42; 64-3706-A-2.

e. Communist Movement

A provision in the Paraguayan Constitution prohibiting the existence of a Party advocating class warfare or violent overthrow of government, was applied strictly by the government of President Higinio Morinigo in suppressing Communism. As a result, most prominent Communists were in exile elsewhere in Latin America, in Paraguayan prisons or internment camps, or in hiding. Information concerning them in the hands of Paraguayan officials was made available to the Bureau through the police liaison representative in Asuncion. In spite of this suppression, Communism continued to make some headway among students and members of the army, and the principal labor organization, "The Workers' Council of Paraguay," was Communist-dominated. A clandestine newspaper, "Adelante," appeared monthly, and occasionally rough mineographed sheets were circulated criticizing the government.

In January, 1945, Paraguayan labor, led by Communists, called a general strike, apparently as its contribution to a resolution of the Confederation of Latin American Workers asking for a work stoppage throughout Latin America January 25, 1945, in opposition to the Farrell government in Argentina. The stoppage began prematurely on January 23, was poorly led, and was swiftly stifled by police with the arrest of key leaders. No other significant agitation occurred until August 13, 1945, when, on the eve of a visit to Paraguay by Argentine President Farrell, ten masked individuals seized the Asuncion radio station, "Teleco," for several minutes and broadcast a prepared speech favoring the principles of Communism.

During late 1945, Paraguayan Communism became practically dormant, but in January of 1946, renewed labor agitation broke out. Several leaders escaped from camps and others were smuggled in from other countries. During that month, President Morinigo announced that a general election would be held and that amnesty to political prisoners would be granted, but specifically excepted Communists. The late spring of 1946, saw Communism in Paraguay still suppressed and still far underground.

In July, 1946, a decree of President Morinigo guaranteeing freedom of the press brought forth a leftist labor paper and a Communist organ which had previously been entirely clandestine.

A decision of the Minister of Interior on July 31, ratified by the Council of Ministers August 2, 1946, legalized the Communist Party and for a time eased the SIS problems of observing its activities. During August, Communist exiles from Argentina, Brazil, and Uruguay streamed back into Asuncion and resumed operations. They made the mistake of attacking the Morinigo Government and in September were punished by one month's suppression. By November they had recovered enough boldness to demand, unsuccessfully, that they be included in the Electoral Council.

Opposition of the strong Colorado Party and allegations that Communists fired on police during an attempted uprising of January 12, 1947, brought plans to revoke the legality of the Communist Party. On January 17, 1947, the old law of 1936 outlawing it was reinvoked and at the closing of SIS operations, February 3, 1947, extraordinary efforts were being exerted to eradicate all Communist roots from the country. Although it was accused of being instrumental in the March 7 uprising, all SIS evidence showed it must have been too weak by then to offer more than tacit support.

The Bureau's representatives kept close watch over the underground Communist activities in Paraguay as well as the activities of the exiled Paraguayan Communists in other countries. Through adequate coverage, SIS was able to keep the Bureau and the State Department fully appraised of the developments in the Paraguayan Communist movement. (64-200-224)

f. Political Affairs

The type of dictatorship under which President Morinigo governed Paraguay bred constant unrest and rumors of political disturbances. Due to the pro-Axis sympathies of many of the important leaders, it was necessary for the Bureau's representatives to keep fully abreast of the political situation.

The Legal Attache's Office developed excellent sources of information regarding political matters. Through these sources SIS representatives were frequently able not only to advise the Bureau and the Embassy of what was happening but also to accurately state what was going to happen.

The information developed during the various political crises would normally have been of little value as the Paraguayan government usually cut off all communications with the outside world during those periods. The Bureau radio station in Asuncion, however, enabled the Legal Attache to maintain contact with the Bureau at all times and thus keep the State Department advised of the progress of the disorders. The revolutionary attempts of January, 1944 and June, 1946 were tests of SIS coverage.

On the morning of January 26, 1944 a revolutionary attempt was made by several members of the outlawed Liberal Party to overthrow the Government of President Morinigo. The attempted coup was led by a retired Army officer, Captain Ayala Calderon, assisted by one Denis Roa. The revolutionists endeavored to release and arm the prisoners at the city jail but finding themselves unsuccessful in this venture later sought to capture the Central Police Station. A gun battle ensued and several members of the revolutionary party were killed.

Through confidential sources SIS representatives obtained information concerning the abortive plot and such information was immediately

transmitted to the Bureau by radio and subsequently made available to the authorities in the State Department. The State Department officials indicated that the information furnished by the Bureau concerning the revolutionary attempt was the first information that they had received concerning the matter and were duly appreciative of the fact that the Bureau through its available facilities was able to keep them promptly informed concerning developments in Latin America.

The Legal Attache's Office furnished an outstanding example of political reporting in their prediction of the Paraguayan revolution of June 8 and 9, 1946, and their almost "blow by blow" description of the developments of that revolution. In this instance the Legal Attache advise the Ambassador of the pending coup and notified him of the shooting at the military encampment ten minutes after it started. The effectiveness of thi coverage was further enhanced when the Legal Attache first radioed the news of the revolt out to the Bureau at 2:15 a.m., soon after the distrubances broke out. The first Embassy communication to the State Department was not sent out until the following noon and the first Military Attache dispatch to the War Department at 1:45 p.m. (64-4501; 64-4506-225)

3. Personnel

The following Special Agents were assigned to SIS work in Paraguay

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NAME	SIS	CITY	DATE	ASSIGNMENT
		Asuncion	11/45 - 2/47	Legal Attache
		Asuncion	2/43 - 12/43	Official
		Asuncion	9/44 - 9/46	Legal Attache
		Asuncion	8/44 - 12/45	Legal Attache
		Asuncion	7/42 - 3/43	Undercover
		Villarrica	3/43 - 9/43	Official
		Asuncion	3/43 - 11/43	Undercover
		Asuncion	1/44 - 10/44	Legal Attache
		Asuncion	11/43 - 1/45	Official
		Asuncion	8/41 - 2/42	Undercover
		Asuncion	6/42 - 2/43	Undercover
		Asuncion	12/41 - 9/42	Undercover
		Asuncion	7/42 - 4/44	Legal Attache
		Asuncion	2/41 - 4/41	Undercover
		Asuncion	3/45 - 11/46	Police Liaison

4. Bibliography

a. Principal Investigative Files

64-3700 General Miscellaneous File on Paraguay

64-3700-A General File on German Activities in Paraguay

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64-3 -D General Fi Japan Act viti in 'araguay

ter: Ita Ac es in aragu

64-3 '00-I General Comman st Ac in guay

64-3 '00-J General Spani Ac vi in Par guay

64-3 00-F er Fi Ac vi es in 'araguay

64-3' 00-G ral le ritish Antivi 'araguay

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64-3705-H Ame Propaganda Paraguay

64-3 oreign 'ar guay

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64-3706-D Communist Penetration in Paraguay

64-3706-F French Penetration in Paraguay

64-3707 Sabotage in Paraguay

64-3708 General File on Foreign Residents in Paraguay

64-3708-A German Residents in Paraguay

64-3708-B Japanese Residents in Paraguay

64-3708-C Italian Residents in Paraguay

64-3708-E Spanish Residents in Paraguay

64-3708-F French Residents in Paraguay

64-3708-H American Residents in Paraguay

64-3710 Military and Naval Matters in Paraguay

64-3711 General File on Foreign Firms in Paraguay

64-3711-A German Firms in Paraguay

64-3711-C Italian Firms in Paraguay

64-3712 Radio Stations in Paraguay

64-3716 Plant Surveys in Paraguay

64-200-224 The Communist Movement in Paraguay

112-1-224 Safe Haven for Enemy Funds

64-309-224 Smuggling in Paraguay

100-341561-224 Labor Conditions in Paraguay

b. Administrative Files

64-4506 Office Administrative File for Legal Attache's Office, Asuncion, Paraguay

64-4984-224 Office Monthly Reports for Legal Attache's Office, Asuncion, Paraguay

64-4881 Living Conditions in Paraguay

64-4123-224 Informant File

64-29833-244 Police Matters in Paraguay

67-383621 Office Personnel File for Legal Attache's Office, Asuncion, Paraguay, filed under caption, "Embassy, Asuncion, Paraguay," The Inspection Reports are in this file.

c. Monographs

"Totalitarian Activities in Paraguay Today". Monograph covering general aspects of the Bureau's work in Paraguay published April, 1942, 67 pages.

"Republic of Paraguay". General monograph supplementing the previously published "Paraguay Today" bringing the results of the information developed by SIS up to date. Published January, 1945, 108 pages.

"Communist Movement in Latin America". General monograph on Communism treated on a hemispheric basis. Page 33 refers specifically to the Communist movement in Paraguay. Published January, 1946.

"The Japanese in Latin America". General monograph covering Japanese activities in the various countries of Latin America. Pages 136 to 139 deal with the Japanese in Paraguay.

"SIS Office, Asuncion, Paraguay". Photographs of the Bureau's office and facilities in Paraguay.

BB. PERU

1. SIS Facilities and Objectives

On September 1, 1940, a Special Agent was sent to Lima, Peru, to make a survey of Axis espionage and propaganda activities in that country. He returned to Washington on March 1, 1941. He was the first Special Agent to operate undercover in Peru.

The first assignment of a Bureau Agent to the Republic of Peru in an official capacity took place on April 11, 1941, when a request was received from the United States Ambassador, R. Henry Norweb, at Lima, Peru, advising that the Peruvian Government desired to have a Special Agent organize an investigative service in the Peruvian Army to deal with intelligence matters. A qualified Special Agent who was in the Republic of Paraguay at that time on a special mission, proceeded to Lima to organize and conduct an intelligence school. The subject matter of these schools, a number of which were conducted, will be treated at greater length further on in this report.

In May, 1941, another Special Agent arrived in Lima, Peru, at the request of the United States Ambassador, R. Henry Norweb, to investigate the "misuse of Government property." A number of communications had been intercepted which had ostensibly been written on United States Government stationery by German interests for protective purposes. A thorough investigation conducted by the Agent in an undercover capacity from May to July, 1941, proved that no member of the United States Embassy was involved in this transaction and that the stationery, in fact, was not Embassy stationery but forged material. His investigation not only cleared that issue to the Ambassador's satisfaction but its ramifications disclosed considerable Nazi activity in Peru with its center in Lima. When the possibilities of such a dangerous organization were brought to the Ambassador's attention through the agent's investigations, he requested the Bureau to immediately send another Agent to replace the Agent who had made the investigation and who had been sent on another special from Lima to La Paz, Bolivia.

On October 22, 1941, a Special Agent arrived in Lima, Peru, in response to the Ambassador's request, to take up his duties as a Civil Attache. His assignment was the first in which a Bureau Agent was officially assigned to the Embassy in Peru. His true identity was known only to Cesar Elejalde Chopitea, Director of the Diplomatic Department of the Peruvian Foreign Office, and to a limited number of officials in the United States Embassy other than the Ambassador. He was carried on the Embassy rolls as a Civil Attache. During the remainder of 1941 no other Agents were assigned to the Embassy, although the groundwork for expansion in this regard was being laid.

In January, 1941, [redacted] authority who had done considerable research work in Peru, was assigned to that country in an undercover capacity.

During 1941, the SIS representatives worked independently of each other and were not permitted under any circumstances to contact one another. They submitted their reports to the Bureau through the medium of drop boxes. Their reports, in order to pass Government censorship, were written either in "double talk" or in secret ink. The Embassy representative was able to submit his reports through the diplomatic pouch and consequently was able to report in "open communications" which permitted more extensive and comprehensive reporting. During December, 1941, a system was devised whereby the undercover representatives submitted their reports to the man in the Embassy, who forwarded them with his own reports to Washington. This eliminated one of the real problems confronting the SIS Division, that is, a safe means of communication which would permit "open reporting."

When the United States was attacked by Japan on December 7, 1941, it became readily apparent that the personnel assigned to Peru would have to be expanded tremendously, both because Peru was a key country situated almost in the center of the west coast of South America particularly vulnerable to Japanese attack and because of the internal Japanese menace. The Japanese living in Peru have been varyingly estimated at between thirty and sixty thousand.

Coverage was increased until the peak was reached in June and September, 1943, when twenty-five Special Agents and Special Employees were assigned to Peru. This number was gradually decreased until in July, 1946, before the final process of closing SIS operations began, there were eight Bureau representatives on assignment in that country. The SIS office in Lima was closed on March 7, 1947.

The offices of the Legal Attache were located in the Edificio Sud America, situated on the Plaza San Martin in Lima. This building also housed the United States Embassy which maintained offices on the fifth and sixth floors. On the seventh floor were located the offices of the Legal Attache, the Military Attache, the Naval Attache, the Embassy Auxiliary Unit dealing with intelligence matters, and the Central Filing Unit. It was an excellent situation inasmuch as all of the Embassy agencies concerned with intelligence work were located on the same floor which permitted close cooperation, expeditious handling of material, availability

for personal contact, and ready access to the Central Intelligence Filing Unit. The offices of the Legal Attache also contained the Bureau's clandestine radio which was situated in a small room set apart from the office proper of the Legal Attache and his assistants. This afforded complete privacy and eliminated the possibility of its being seen by individuals visiting the office of the Legal Attache.

The radio provided an expeditious means of communication and proved to be an invaluable asset. The station in Lima was designated as the relay station for all the Bureau stations located in South America.

The year 1942 witnessed the transition of the position of the Legal Attache from that of an interloper in the intelligence field within the Embassy to that of its foremost constituent. He assumed the leadership within the Embassy on intelligence matters, was frequently consulted by the heads of the other units and by the Ambassador, and his opinion carried considerable weight.

Prior to the outbreak of war between the United States and Japan on December 7, 1941, it was readily apparent that Peru constituted a major problem and steps were instituted to lay the groundwork for an intelligence organization in that country. Therefore, the year 1942 was spent establishing contacts and sources of information, developing confidential informants, effecting liaison with various agencies, and setting up the proper administrative facilities to cope with the problems presented. (64-4474)

2. Major Accomplishments

a. Internment Program

During 1941 and 1942 innumerable files were opened on German individuals who had been active in espionage, propaganda, and subversive activities in behalf of the Axis powers. The investigations conducted on these individuals revealed that the center of the German activities was the German Legation. They revealed further that most of the German Diplomatic Corps who were clothed with immunity were directing the propaganda and espionage activities of German nationals residing within the country. When, therefore, in January, 1942, Peru severed diplomatic relations with the totalitarian powers, it inquired of the State Department whether it would send a ship to remove the German, Italian, and Japanese diplomats. The United States Embassy advised that it would and recommended that other dangerous Axis nationals also should be deported. When the Peruvian Government asked who they were, the Embassy supplied it with a list which had been compiled by our representative, the Military and Naval Attaches, and the Auxiliary Section. Although the Peruvian Government did not expel all those recommended, it deported most of them. They were included among the deportees who sailed on the S/S ETOLIN, the S/S ACADIA, and the S/S SHAWNEE. On these three boats which called at Callao in April, May and June 1942, there were deported four hundred ninety-nine Germans,

six hundred sixty Japanese, and forty-nine Italians. (64-1604-40,21)

The Peruvian Government, though cooperative, had no means of taking affirmative action against Axis elements to curtail their activities other than by legislative enactments and decrees which affected commercial enterprises and placed limited restrictions upon the freedom of travel, and forbade the distribution of propaganda material. While such enactments and controls were of material assistance, it was noted that Axis elements were able to continue their activities among their own groups and organizations as enforcement was not strictly followed by Peruvian authorities.

Internment camps were not established nor did the local Government proceed against known espionage agents in their courts of law. Thus it became apparent that the solution to complete control of Axis activities in Peru was to be accomplished by effecting the deportation of all important Axis nationals from Peru for internment in the United States. (64-1612)

The investigation of Axis elements possessing sympathies favorable to the Axis cause disclosed that many individuals were dangerous in so far as the security of the country was concerned. Investigations were closely followed in each instance to determine the activities and sympathies of those individuals and where sufficient evidence was obtained, their names were added to the list of individuals who were considered dangerous enough to deport from Peru for internment in the United States. (64-24184)

The program of deportation of dangerous Axis nationals from Peru in 1943 was termed as very successful. The Peruvian Government cooperated fully in this matter, ordering the expulsion of any individual concerning whom information had been obtained indicating a dangerous character. On January 10, 1943, a total of 168 Japanese and five German nationals were sent to the United States for internment aboard the USAT FREDERICK C. JOHNSON, This vessel returned to Peru a month later and on February 24, 1943, departed for the United States with another group of deportees, including 26 German and 119 Japanese nationals. Eighty-six Japanese nationals were deported from Peru aboard the SS ACONCAGUA on June 29, 1943. This group included the families of Japanese nationals previously deported, as well as other individuals who had been approved for deportation because of their dangerous character. One such individual was Nabuo Yatoh, a Japanese national who had left Japan in 1939, traveled through the West Coast of the United States, Mexico and Central America, as well as all of South America and through his known contacts and activities it was established that he was definitely engaging in espionage activities. Yatoh was known to have submitted reports of a commercial and economic nature to a Japanese national in Argentina. The reports were numbered indicating he had sent previous communications to his superior. The deportation of other individuals was accomplished through the cooperation of the Peruvian Government in July, 1943, when 105 Japanese and one German were deported aboard the SS Imperial, These individuals were destined for the United States where they were placed in internment camps. (64-24184-38; - 39) (64-1608-92; - 115)

Due to the size of the German and Japanese colonies in Peru, the work of the SIS representatives in that country was by no means completed with the above deportations. It was necessary to follow the activities of those individuals who remained in Peru who were sympathetic to the Axis cause with the view in mind of possibly effecting their deportation at some future date. The results of SIS efforts in this connection was disclosed by the fact that 39 German nationals and 29 Japanese nationals were deported aboard the SS MADISON on January 18, 1944, destined for the United States for internment. (64-24184; 64-1604-40)

With the deportations of the most prominent German and Japanese subjects, the backbone of the Axis espionage and propaganda organizations was broken. There remained in Peru an extremely large colony of Japanese which was a definite threat to the security of the country; however, the most capable leaders who were known to have been affiliated with the Japanese Central Society and other subordinate organizations had been removed, thus the efficiency of their organization was materially affected. The deportation not only affected the personal habits and surroundings of Axis nationals, but also affected their commercial activities inasmuch as Axis subjects were afraid to engage in any activity which would subject them to arrest or deportation. In following the activities of subversive elements, valuable information was obtained concerning their commercial activities which was made available to appropriate authorities and which resulted in many individuals being placed on the Proclaimed List of the United States.

The results of extensive investigation on the part of SIS representatives in Peru in regard to ultimate internment and deportation of certain dangerous Axis nationals were most satisfactory. As of July 6, 1944, a total of 569 Germans and 1,737 Japanese had been expelled from Peru to the United States for internment. As of that date, in addition, there were 53 Germans and 34 Japanese approved for deportation which were still in Peru. (64-24184)

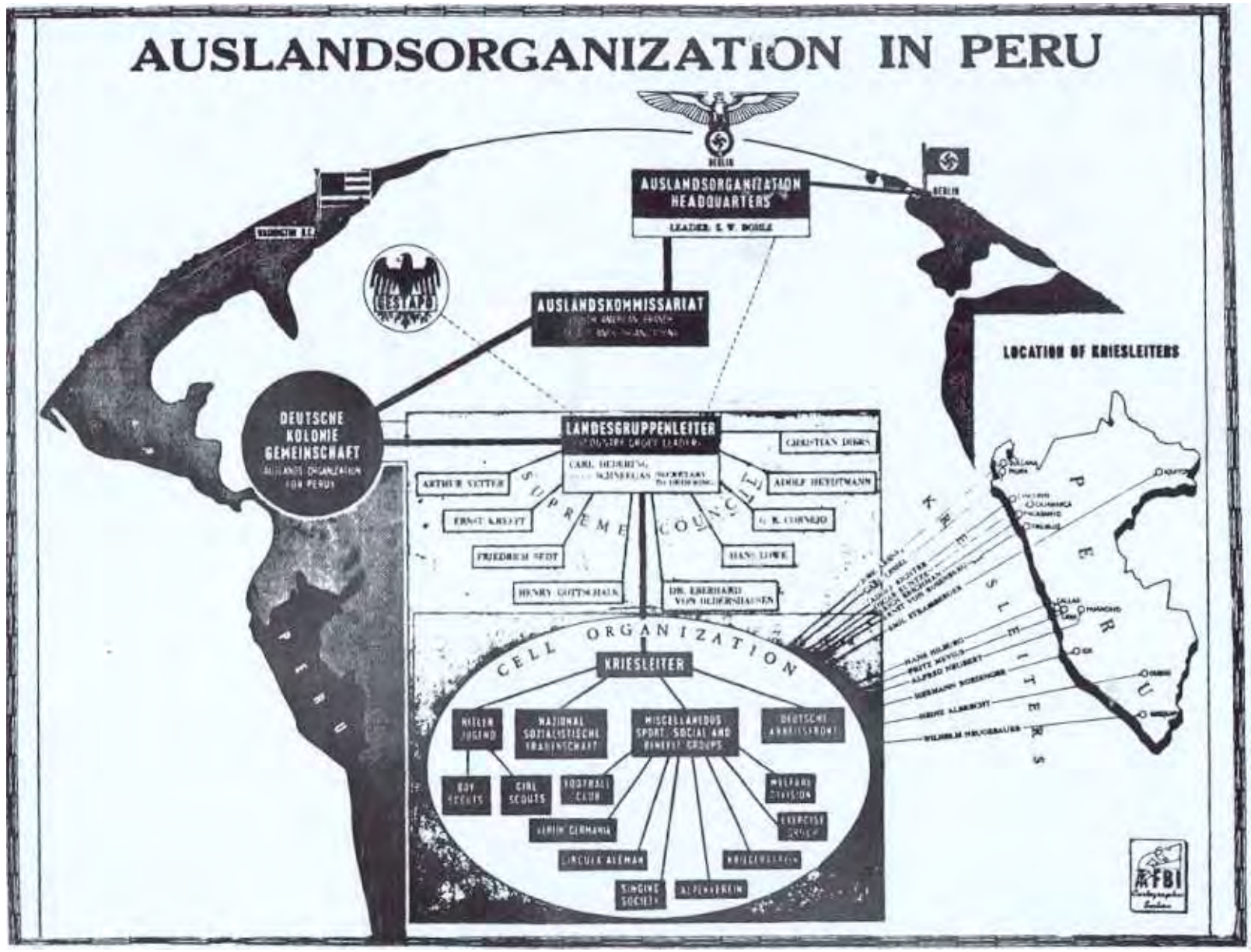
b. German Activities

A few examples will show the various types of cases investigated by SIS representatives in Peru during their coverage of German activities.

Axel Wenner-Gren, the famous Swedish industrialist, spent considerable time in Peru in 1941 ostensively leading an archeological expedition. Through investigation it was disclosed that his archeological expedition was really a front for a more significant purpose, that is, the typing up of Peru's industrial potentialities for a syndicate headed by Wenner-Gren which was undoubtedly formed to aid the Axis.

After the deportation of the Axis diplomats, investigation revealed that Henry Teuber, manager of the famous Ferrostaal A. G. in

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Lima, had taken over the direction of German subversive activities. As a result of this investigation, Henry Teuber was deported on the S/S SHAWNEE. (64-1604-A177)

An investigation into the activities of Hubert T. Kemper, which was conducted jointly by SIS representatives in Peru and in Chile, revealed that he had been instructed by Germany to reorganize within Peru the National Socialist German Party in Peru. As a result, Kemper was not permitted to reenter Peru and fled into Argentina. (65-31845)

Toward the end of 1942 it was ascertained that Tobias Reidner and Valker Kochs had taken over the reins of the German espionage and propaganda organization and had become the key German agents in Peru. This was brought to the attention of the Peruvian Government on December 16, 1942. Through the insistence of the United States Embassy, five important German nationals, including Reidner and Kochs, together with fifteen dangerous Japanese nationals, were deported to the Panama Canal Zone in a United States Army transport plane. (64-22760)

It was believed that the extensive deportations of German nationals seriously affected the Nazi organization in Peru and it appeared that the remaining individuals were so fearful of arrest, internment, and deportation that it was difficult for them to effectively reconstruct their propaganda and espionage system.

Ferdinand Westhoff, who was interned in the United States following his deportation from Peru as a dangerous enemy alien, filed an injunction suit in the middle of 1945 with the assistance of the "Citizen's Protective League" in order to prevent his deportation to Germany. Westhoff claimed that although he had been born in Germany he was a Peruvian citizen by virtue of the fact that his German born parents acquired Peruvian citizenship. Positive information that Westhoff acted as a German spy in Peru and as an integral part of the PYL Radio Ring was obtained from decodes of PYL radio messages. Further, a number of statements by Westhoff himself that he was a German and documents found in his possession, such as a German passport, seemed to refute any claim he had to Peruvian citizenship. Detailed information concerning Westhoff was furnished to the Department for use in the injunction suit. (100-135615)

In Lima, as in other Latin American countries, a tremendous amount of work was encountered by the office of the Legal Attache as a result of the review of files and archives of the German diplomatic mission in Peru. The Bureau's office in Lima figured prominently in the project relative to analyzing this material.

In December, 1944, William Curtis Colepaugh and Erich Gimpel, German-trained espionage and sabotage agents were landed by submarine in the United States. Colepaugh was apprehended, and an intensive search was begun for Gimpel. Gimpel had resided in Lima, Peru, from 1936 to 1942, working as a radio technician. SIS representatives at Lima immediately obtained all data

regarding Gimpel's activities while in Peru and sent an Agent by airplane to the United States with Gimpel's photographs, fingerprints, and handwriting specimens. Gimpel was arrested in New York City on December 26, 1944, and together with Colepaugh, was held for trial before a military tribunal. (65-25519)

Robert Leitgeb (Ruber) was taken into custody by Peruvian authorities at Arequipa, Peru, on August 20, 1943, charged with being engaged in espionage activities.

It had originally been determined by SIS representatives that Leitgeb was in contact with Wilhelm Neugebauer, former German Consul in Chile, and Paul Detgen, a known Nazi sympathizer, who was also reported to be engaged in espionage activities. Found in the possession of Leitgeb were photographs consisting of Chilean and Peruvian coastal areas, also photographs of various submarine naval craft including the Naval fleet and Merchant Marine. There was evidence of Leitgeb's membership in the Nazi Party of Chile. Leitgeb admitted that he was assigned as a secret agent of the German Government to Valparaiso, Chile, and while in Valparaiso, he was ordered to present himself to Wilhelm Keugebauer, German leader of southern Peru.

Investigation disclosed that the acquaintances and friends of this individual were strong sympathizers of the Nazi cause and in most instances members of the NSDAP in Chile. At SIS instance, Leitgeb was deported from Peru on January 18, 1944, to the United States. (64-26662)

c. Japanese Activities

The Japanese, due to their number, constituted a serious problem. Throughout 1941 and 1942, investigations were conducted into their activities and the results brought to the attention of the Peruvian Government. Most of the undesirables were deported as previously noted. During the fall of 1942, an investigation revealed that Japanese tailors were manufacturing a uniform similar to the Japanese military outfit and were selling these to the Japanese male population. (64-1604-B-62,63,67). As a result of this investigation, nine of the Japanese tailors who were involved were deported to the Panama Canal Zone by plane on December 16, 1942.

Although there were approximately thirty thousand Japanese subjects in Peru, the great majority are of the so-called peon class and came to Peru some years ago as common laborers. Throughout the war, however, considerable investigation concerning possible Japanese espionage, sabotage and related activities was conducted and reflected that there was no evidence of espionage or sabotage activities, principally because the important Japanese leaders had been deported from that country. In Peru, the propaganda tactics which the Japanese colony followed was to blame the United States for all economic difficulties existing in Peru.

Rigid economic restrictions were instituted by the Peruvian Government against Japanese residing in the country. Legislation was enacted canceling the naturalization of various Peruvians of Japanese descent who engaged in subversive or propaganda activities contrary to the welfare of the country. Illustrative of Peru's actions to control the Japanese were the economic restrictions including intervention of Japanese firms and the freezing of funds, which by the early part of 1943 had reached the sum of $1,850,000.00. Certain political elements in Peru expressed the view that the entire Japanese colony in that country should be deported.

During extensive investigation of Japanese activities in Peru, SIS representatives directed their attention to the importance of Kasiki Tateishi, Peruvian of Japanese descent, who was employed in the Spanish Embassy as an interpreter and Japanese adviser. Investigation revealed Tateizhi to be an exceedingly dangerous person who had been particularly troublesome as a leader of the Nisei. Tateizhi registered with Japanese military authorities on January 20, 1942, for military service, following which time he was active in Japanese organizations. He wrote various documents of a propaganda nature, calling upon second generation Japanese to act in behalf of the country of their blood.

Tateizhi was expelled from Peru in January, 1944, to be interned in the United States. (64-28238).

Usaburo Maoki and Hitomi Maoki, Japanese nationals, who were prominent in the affairs of the Japanese Colony in Peru, were deported from that country in 1943 and brought to the United States, where they were interned. As a result of correspondence between these individuals and other Japanese nationals remaining in Peru, SIS representatives in cooperation with Peruvian authorities conducted an extensive investigation which resulted in the location of the safe which had formerly belonged to Usaburo Maoki. Upon examination, it was discovered that the safe contained funds amounting to $7,132.30, as well as other property which had been concealed to prevent confiscation by the Peruvian Government. (64-22360).

During an investigation in the early part of 1944 into the activities of Klucenki Tamashiro, a Japanese national residing in Lima, it was determined that this individual possessed a rubber stamp purported to be the stamp of the Chinese Consulate of Peru. The Japanese were using the stamp on correspondence for the purpose of deceiving postal and censorship authorities. From its appearance alone, there is no distinction between written characters of the Chinese and Japanese language. However, it was determined by Chinese officials that no such stamp had ever been utilited by their Consulate representatives. (64-29048)

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d. Spanish Activities

The Spanish Falange constituted a problem of major proportions, but during 1942 a confidential informant [redacted] was developed. He supplied our representative with the membership in the Falange and kept him abreast of its activities. (64-1604-A-43)

Through investigation it was determined that Fernandez Santander, Spanish representative for the Spanish newspaper service EFE, was carrying on propaganda activities in Peru; and as a result a protest was made to the Peruvian Government which resulted in his expulsion. (64-1600-A-90)

Alberto Salamanca, a Falangist press correspondent, showed up in Peru in the spring of 1942. An investigation revealed that he was a Falangist and propagandist, and an appropriate protest was made to the Peruvian Government as a result of which he was denied press privileges. (64-24972)

SIS representatives in Lima, Peru, were successful in developing a most unique informant [redacted]

In one instance it was ascertained that Francisco Borras Vanaclocha, a Spanish police representative assigned to the Embassy in Peru, was engaged in activities tantamount to espionage in behalf of the Spanish Government. Other documents of value regarding reported Japanese and German nationals were obtained; also one communication concerning Estanislao Illudain which indicated Illudain to be acting as a Spanish courier from Peru to Spain.

Following the removal of German, Japanese, and Italian officials from Peru, the Spanish Embassy at Lima took over the management of Axis affairs. The activities of the Spanish Embassy officials were followed to determine if any members of that diplomatic mission were engaged in subversive activities favorable to the Axis cause. By the establishment of [redacted] information of great value to the State Department, as well as information of a subversive nature was obtained. On one occasion a copy of a communication was obtained which set forth contemplated activities of the Spanish Embassy which, if accomplished, would definitely have been a blow to the Allied

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Nations. The communication from the Spanish Ambassador was addressed to the Foreign Minister of the German Reich and concerned the shipment of German gold by means of the Spanish diplomatic pouch from Peru to Germany. This gold described, as the property of Agencia Maritima Kosmos, was reported to be in the possession of the Spanish Embassy and it had not been inventoried inasmuch as it was kept in seven sealed bags as originally delivered to the Embassy. The Spanish Ambassador advised that the gold would not be shipped by the Spanish diplomatic pouch unless he was definitely instructed to do so because of the uncertainty of shipping channels at that time. (64-25939-5)

It is to be noted that the Kosmos Agency had been used as a cover for espionage activities prior to the breaking of relations between Peru and the Axis Nations. This Agency had been involved in the PYL espionage ring which operated from Valparaiso, Chile, and which was in contact with numerous espionage agents throughout South America.

Through this same source, information was obtained concerning the activities of various members of the Spanish Mission in Peru which indicated the activities of these individuals as being of an espionage or propaganda nature favoring the Falangist cause. Such activities were prohibited by diplomatic agreements between the countries involved.

e. Communist Activities.

During 1942 the Communist Party, also known as the Vanguardia Socialista Party, which had been more or less subjugated by the Peruvian Government and publication of its newspaper, "Democracia y Trabajo," suspended, had a renaissance and its activities once more became prominent in Peruvian circles. Its newspaper reappeared on the stands but within a short time was again suspended. However, the Party's activities were not interfered with, but on the contrary were given prominent notices. One of the SIS undercover representatives developed [redacted] as a confidential informant. He also developed [redacted] as a confidential informant. Between these two our representative kept currently abreast with all Communist activities.

Peruvian Communists relied primarily on handbills circulated at news stands and bookstores as a means of making their announcements and disseminating propaganda. In addition, they had two monthly magazines and three intermittently printed news sheets. Also a bi-weekly paper which, although not on its face Communist, was used to counteract "reactionary" tendencies. The Party also had a representative who often wrote Communist-inspired editorials on the independent paper "La Noche" of Lima.

The official Communist organ was the newspaper "Democracia y Trabajo" which went twice monthly to some 5,000 subscribers. Close liaison of SIS representatives with Peruvian [redacted] resulted in the Bureau's receiving specimens of Soviet propaganda material addressed to this b7C

paper and to the Peruvian Federation of Labor by the Russian Embassy in Mexico. SIS inquiries revealed that Mexican diplomats in Peru assisted the Communists in handling communications with Mexico.

Additional indoctrination was effected through schools and courses in Communist history and Marxist-Leninist teachings conducted by the national youth group "Juventud Comunista Peruana", which had branches in the various states of the country.

SIS investigation revealed that the Peruvian Federation of Workers, like many similar organizations affiliated with the Confederation of Latin American Workers, was Communist dominated. It was headed by Juan P. Luna, who was likewise head of the Communist Party. Communist organization of labor in Peru began with the visit of Vicenta Lombardo Toledano in 194[illegible] but no uniformity was effected until the Chilean Labor Federation held its Congress in September of 1943, at which time the Peruvian organization was invited to send delegates. At this Congress a "pact of honor" was signed to unify Peruvian labor. By May 1, 1944, the Federation emerged covering the entire labor field and including the laborers of the strategic mining and petroleum industries.

SIS investigations reflected that the Board of Directors and membership of the Confederacion de Trabajadores de Peru (Workers Federation of Peru) in early 1945, was largely composed of those having Communist affiliations; however, in the beginning of 1946, the Communists lost ground in the labor field to the Aprista forces.

The Peruvian Communist Party had very close ties with the Chilean Communist Party and after January, 1945, Russian and Communist propaganda entered Peru from such places as Cuba, Mexico, and Uruguay. Literature coming from Mexico emanated from the Russian Embassy there, as well as from other Communist sources in Mexico, D. F. From time to time the Communist Party received periodicals published in Russia and mailed under the auspices of the "USSE Society for Cultural Relations with Foreign Countries, International Exchange Service."

Speeches, resolutions, and propaganda on the part of the Party itself repeatedly called upon the government of Peru to recognize the Soviet Union, stating at the same time that the immediate establishment of relations with Russia was of patriotic necessity for Peru. Adherence to the Party Line in Latin America was also reflected in references made by the Communist Party to alleged "Yankee imperialism" in Peru.

The Communist Party of Peru, while not one of the leading Parties in Latin America, gained some 10,000 additional members in about two years, was of importance as a growing power, and received thorough Bureau coverage. At its Second National Congress in March, 1946, the Chilean Communist leader, Carlos Contreras Labarca, warned them to be alert for a continental anti-Communist campaign, and the arrival of two Bureau Police Liaison Officers during the same month was denounced in the Communist press as the beginning of anti-democratic and anti-labor activity.

Despite this situation, the Bureau's representatives were able follow Communist matters closely through police contacts and informants without any indication that Bureau operations were known in any way to the Communists themselves.

During the Summer of 1946, the Bureau was concerned with Commun influenced labor agitation in the port of Callao, Peru, but in December, 1946, the Communists lost virtually all participation in the direction of the Confederation of Workers of Peru to the opposition Aprista or Socialist Party. After that time they had only one delegate on the Executive Board.

The Plenary Session of the Party in October, 1946, brought an internal shake-up with several officials losing their positions for refusa to follow the proper political line. By March 7, 1947, when SIS in Lima closed, their principal accomplishment was the placing of the highly pro-Communist and pro-Soviet Jose Maria Quimper as a member of the Political Division of the United Nations Security Council from Peru. (64-200 Sub 22

f. Peruvian Political Activities

The unsettled political situation in South America during 1943, was a definite threat against the solidarity of that continent with the Allied cause. Peru was affected to a great extent by efforts of reactionary elements to overthrow the incumbent government. For that reason it was deemed necessary to closely follow political developments, particularly with regard to revolutionary attempts assisted by Axis elements.

While the Government of President Prado was not popular, it continued to support the United States and the Allied cause and assisted in the war effort wherever possible. The Aprista Party was formerly considered the group most likely to conspire against the Government. This group took a turn favoring the Allied cause and was not active in reported attempts against the Government during 1943.

The Union Revolucionaria was named during 1943 as an organization which would most likely attempt revolutionary action to gain control of the Government during July and August of 1943. Members of this organization met on numerous occasions and numerous rumors were circulated throughout the country that an attempt would be made to overthrow the Government. While no action was taken in this regard a state of unrest prevailed throughout the Government and among the officials of the Government which materially affected their efficiency in matters of cooperation with the Allied Nations.

Haya De La Torre, prominent political figure in Peru and head of the Aprista Party made available information to SIS representatives regarding a plan sponsored by the Argentine Government for the overthrow of the incumbent governments of the various nations of Latin America. The purpose of this plan as sponsored by the Argentine Government was to form a block

against the United States and the Allied Nations which would be favorable to Argentina enabling that country to gain control in South America by creating political and cultural movements in Latin America which would have Argentina as their center. This information was deemed very important by the State Department of the United States and investigation throughout South America was necessary to determine the exact attitude and part being played by Argentina in its endeavor to cause political unrest and revolutionary actions throughout the continent. (64-26498-1)

Subsequent action in Bolivia which resulted in the overthrow of the Government of that country on December 20, 1943, verified the information as had originally been obtained from Haya De La Torre in Peru, particularly as to the part played by Argentina in its endeavor to establish military dictatorships similar to the Argentine Government and which would be favorable to that Government. (64-26498)

Extensive coverage of political information in Peru led to the disclosure of a revolutionary attempt against the Government which was scheduled to have occurred on December 31, 1943. This movement was planned by the Union Revolucionaria with the support of German and Japanese elements. At a scheduled hour demonstrations were to have been instigated by 70 groups of 5 men each located throughout the country which were to begin as anti-Jewish disturbances and would result in a revolution as the reactionary elements took advantage of the confusion ensuing when the holiday crowds were aroused. The identity of the German and Japanese elements was determined and many of these individuals were deported from Peru for internment in the United States in January, 1944. It was ascertained that the meeting which planned the revolution was attended by eight Japanese and five Germans, including a small group of Peruvian Army officers. Joseph Zettel and Otto Betz, German nationals, were among those who attended this meeting. Zettel was removed from the country. As the movement against the Government was schedule to coincide with a similar movement in Chile, information regarding the plans of the revolutionists was made available to the Governments of Peru and Chile and appropriate steps were taken to counteract the activities of these elements. (64-1601)

During the deportation program of Axis nationals from Peru to the United States, it was determined that certain Axis subjects had evaded deportation, which indicated influence being exerted by certain Peruvian officials. Through interview, it was determined from Japanese nationals that Carlos Peace Oliveira, Sub-Prefect of Juaja Province, and Jose Parra del Riego Prefect of Junin Province, were engaged in extorting funds from potential expulsion candidates. A signed statement was furnished by Shuchi Unezawa, in confidence, to the Spanish Embassy at Madrid, which led to it being determined that the two above-mentioned individuals had extorted funds and merchandise in excess of 140,000 soles ($20,000 U.S.). Peace and Parra had contacted Japanese nationals and advised them that their deportation was

imminent; however, they could be protected from deportation upon the payment of certain funds. In many instances, money and merchandise were paid to the officials. However, in most of these instances, regardless of payments made to the officials, the Japanese were apprehended and deported.

After this information had been made known to the Peruvian Government, Peace and Parra were removed from their official positions by the Peruvian Minister of Government for engaging in extortion activities. (64-1604-B)

g. FBI Intelligence Schools for Peruvian Army

Two intelligence schools for the Peruvian Army were conducted by the Legal Attache and one of his assistants during 1942. The first school was composed of Army officers and picked individuals from the Lima Police Department who had been drafted into the Peruvian Army. The members of the second school consisted of the "cream" of the Peruvian Army officers. Both these schools were successfully concluded and Colonel Bodero of the Peruvian Army Headquarters Staff in charge of the conduct of the school advised that he was highly pleased with the results obtained and desired, if the Bureau saw fit, to institute a school as a regular and continuous feature in the training of the Army personnel. The school provided an excellent entree into a hithertofore untapped intelligence field. It provided an opportunity to discuss intelligence problems with officers conversant with the internal conditions in Peru. Since the graduates of the two schools were dispatched throughout Peru, they provided excellent contacts for our representatives. A wealth of intelligence information which came to the attention of the general staff of the Army was made available to our representative due to his contacts with this organization. Further it created considerable good will and respect for our representatives and immeasurably enchanced the position of the Federal Bureau of Investigation in Peru. (64-29833-225)

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3. Personnel

The following Special Agents and Special Employees were assigned to SIS work in Peru:

NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Lima	2/43 - 3/43	Plant Survey
		Lima	2/43 - 3/43	Plant Survey
		Lima	4/43 - 9/43	Undercover
		Mahr	2/43 - 6/43	Plant Survey
		Lima	8/43 - 3/44	Official
		Lima	10/42 - 1/44	Undercover
		Lima	2/46 - 4/47	Official
		Lima	5/43 - 12/43	Undercover
		Arequipa	3/43 - 12/43	Official
		Lima	3/44 - 7/46	Official

NAME	SIS	CITY	DATE	ASSIGNMENT
		Lima	5/41 - 7/41	Official
		Lima (Travel St.	3/43 - 3/44	Undercover
		Talara	3/42 - 10/42	Undercover
		Lima	11/42 - 7/44	Undercover
		Lima	12/42 - 12/44	Official
		Lima	6/46 - 9/46	Legal Attach
		Lima	11/42 - 6/43	Official
		Lima	3/42 - 11/43	Undercover
		Lima	3/46 - 9/46	Official
		Lima	3/46 - 3/47	Police Liais
		Lima	6/43 - 12/43	Undercover
		Lima	2/43 - 3/43	Plant Survey
		Lima	5/43 - 6/43	Plant Survey
		Lima	4/46 - 3/47	Undercover
		Lima	9/41 - 2/42	Undercover
		Lima	1/43 - 1/44	Undercover
		Lima	3/45 - 10/45	Undercover
		Lima	4/43 - 12/43	Undercover
		Lima	3/44 - 7/44	Undercover
		Lima	1/43 - 3/43	Undercover
		Lima	1/44 - 4/44	Official
		Lima	8/43 - 5/45	Undercover
b2		Arequipa	1/44 - 12/44	Official
b7C		Lima	5/42 - 11/43	Legal Attach
		Lima	2/43 - 3/43	Plant Survey
		Lima	2/43 - 4/43	Undercover
		Lima	4/42 - 9/42	Undercover
		Lima	5/43 - 8/45	Official
		Lima	4/42 - 1/47	Undercover
		Arequipa	9/44 - 8/45	Official
		Lima	2/43 - 3/43	Plant Survey
		Lima	12/40 - 9/43	Undercover
		Lima	11/43 - 9/44	Undercover
		Lima	8/43 - 11/43	Legal Attach
		Lima	3/43 - 4/47	Legal Attach
		Lima	2/43 - 12/43	Undercover
		Lima	5/43 - 11/43	Undercover
		Lima	5/43 - 11/43	Undercover
		Lima	2/43 - 3/43	Plant Survey
		Lima	4/42 - 9/42	Undercover
		Lima	9/40 - 3/41	Undercover
		Lima	6/43 - 9/43	Official
		Lima	6/43 - 12/43	Undercover
		Lima	5/43 - 10/43	Official
		Lima	1/45 - 6/46	Undercover
		Lima	12/44 - 12/45	Undercover
		Lima	10/41 - 2/42	Official
		Lima	4/41 - 5/42	Official
		Lima	2/43 - 3/43	Plant Survey

NAME	SIS	CITY	DATE	ASSIGNMENT
		Lima	2/43 - 3/43	Plant Survey
		Lima	5/43 - 6/43	Plant Survey
		Lima	8/42 - 12/42	Official
		Lima	11/42 - 12/43	Undercover
		Lima	5/45 - 10/46	Undercover
		Lima	7/45 - 11/45	Official
		Lima	1/43 - 4/43	Undercover
		Arequipa	4/43 - 11/43	Undercover
		Lima	2/45 - 2/46	Official

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4. Bibliography

a. Principal Investigative Files

64-1600 General Miscellaneous File on Peru

64-1600-A General File on German Activities in Peru

64-1600-B General File on Japanese Activities in Peru

64-1600-C General File on Italian Activities in Peru

64-1600-D General File on Communist Activities in Peru

64-1600-E General File on Spanish Activities in Peru

64-1600-F General File on French Activities in Peru

64-1600-G General File on British Activities in Peru

64-1600-H General File on American Activities in Peru

64-1600-J General File on Rumanian Activities in Peru

64-1600-L General File on Swedish Activities in Peru

64-1600-N General File on Austrian Activities in Peru

64-1601 Political Matters in Peru

64-1602 Economic Matters in Peru

64-1603 Social Matters in Peru

64-1604 General File on Foreign Agents in Peru

64-1604-A German Agents in Peru

64-1604-B Japanese Agents in Peru

64-1604-C Italian Agents in Peru

64-1604-D Communist Agents in Peru

64-1604-E Spanish Agents in Peru

64-1604-F French Agents in Peru

64-1604-G British Agents in Peru

64-1604-H American Agents in Peru

64-1605 General File on Propaganda in Peru

64-1605-A German Propaganda in Peru

64-1605-B Japanese Propaganda in Peru

64-1605-C Italian Propaganda in Peru

64-1605-D Communist Propaganda in Peru

64-1605-E Spanish Propaganda in Peru

64-1605-F French Propaganda in Peru

64-1605-G British Propaganda in Peru

64-1606 General File on Foreign Penetration in Peru

64-1606-A German Penetration in Peru

64-1606-B Japanese Penetration in Peru

64-1606-C Italian Penetration in Peru

64-1606-D Communist Penetration in Peru

64-1606-E Spanish Penetration in Peru

64-1606-F French Penetration in Peru

64-1606-H American Penetration in Peru

64-1607 Sabotage in Peru

64-1607-A German Sabotage in Peru

64-1607-B Japanese Sabotage in Peru

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64-1608 General File Foreign Re ide ts in Pe

64-1608-A German Residents in Peru

64-1608-B Japanese Residents in Peru

64-1608-C Italian Residents ru Peru

64-1608-D Communist Residents in Peru

64-1608-E Spanish Residents in Peru

64-1608-F French Residents in Peru

64-1608-G Bri ish Reside ts in Peru

64-1608-H American Residents in Pe

64-1608-K Swiss Residents in Pe

64-1610 Military and Naval Matters in Peru

64-1611 General File oreign Firms in Peru

64-1611 German Firms in Peru

64-1611-B Japanese Firms in Peru

64-1611-C Italian Firms in Pe

64-1611-E panish Firms in Pe

64-1612 Radio Stations in Peru

64-1612-A German Radio Stations in Peru

64-1612-B Japanese Radio tations ru Peru

64-1614 Submarine Activities Peru

64-1615 Telephone Surveillances in Peru

64-1616 Plant Surveys in Peru

64-200-225 The ommunist Movement in Pe

100-341561-225 Labor onditions in Peru

64-309-225 Smuggling in Peru

64-20095 The Aprista Party

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b. Administrative Files

64-4474 Office Administrative File for Legal Attache's Office, Lima, Peru

64-4984-225 Office Monthly Reports for Legal Attache's Office, Lima, Peru

64-4626 Living Conditions in Peru

67-383679 Office Personnel File for Legal Attache's Office filed under caption, "Embassy, Lima, Peru." The Inspection Reports for this office are filed separately.

64-4123-225 Informant File for Peru

64-29833-225 Police Matters File

c. Monographs

"Totalitarian Activities in Peru Today" General monographs coveri various phases of the Bureau's work in Peru. Published May, 1942; 199 pages

"The Communist Movement in Latin America" General monographs covering Communism on a hemispheric basis. Pages 126 to 127 deal with the Communist movement in Peru. Published January, 1946.

"The Japanese in Latin America" General monograph covering Japanese activities in the countries of Latin America. Pages 84 to 99 deal with the Japanese in Peru.

"SIS Office, Lima Peru" Photographs of the Bureau's office and facilities in Peru.

CC. PHILIPPINE ISLANDS

1. SIS Facilities and Objectives

In March, 1945, two Special Agents left on assignment to Manila to be attached to General Douglas MacArthur's headquarters at Manila in a liaison capacity. They were later joined by two more Agents making a total of four assigned to that spot in 1945. These men were particularly busy conducting a survey of security accomodations at the direct request of General MacArthur. In addition, one agent was utilized by the counterintelligence corps to give two lectures to its training schools in Manila on Japanism. Another Agent was temporarily assigned to the Provost Marshal's office as an adviser in assisting the Military Police organization to reorganize the Manila police. (66-42)

2. Major Accomplishments

The Agent assigned to the Provost Marshal's Office worked almost exclusively for a period of several months with military intelligence in this reorganization project. A new operating code was written for the Manila Police Department. This code was prepared almost in its entirety by the Bureau representative.

Through our contacts with the Manila Police Department, arrangements were made for the attendance at the National Academy of three police officers, members of the Manila Police Department. These men attended the January, 1946, session of the National Academy and returned to Manila in April, 1946. All three men subsequently were promoted to executive positions within the Manila Police Department. The head of that department, Lieutenant Colonel Angel M. Tusson, advised that he expected to utilize these men in positions where their training with the National Academy would be of the most assistance to the department.

After the departure of General MacArthur's staff from Manila for Tokyo, the liaison work between the Bureau's representative and the Army necessarily diminished. This resulted in the assignment of one Agent to Manila. This Agent later returned to the United States inasmuch as the Philippine Islands received their independence on July 4, 1946. This, of course, put an end to the need for a liaison representative with the United States Army in Manila. (64-2983-239) b7C

During the last few months of coverage, the bulk of the information coming from Manila dealt with the political campaign prior to the election of Manuel Roxas to the presidency of the Philippine Islands in April, 1946. In this connection it may be noted that one of the reports submitted by the Bureau's representative in Manila reflected a confidential [redacted] who at that time was [redacted] (109-12-239)

In addition to the political information secured from this office, some very excellent reports were received on the growth and rise of the Philippine guerrilla movement known as the Hukbalshap. This organization took to itself vast powers in central Luzon and many believed that it was heavily infiltrated by persons affiliated with the Communist Party or sympathetic to Communist ideology. Coincidential with the rise of the Hukbalshap was the increase in terrorism and lawlessness in central Luzon. The Bureau's representative was able to furnish some interesting reports on this situation. (100-340979)

Among the reports furnished from Manila were several made available by the Army concerning the activity of various Americans in trade union affairs at Manila. This furnished an opportunity to identify some of these as persons who had been known Communists in the United States in the years past. Two of those thus identified were Kenneth Goss, a member of the Merchant Marine, and Peter Mendelsohn, a known member of the Seamen's Section of the Communist Party at San Francisco, California. Both of these men played an active part in the strike of the Union Chreros de Estivadores de Filipinas which took place in the Port of Manila in February, 1946. (66-42)

3. Personnel

The following Special Agents were assigned to SIS work in the Philippine Islands:

NAME	SIS NO.	CITY	DATE	ASSIGNMENT
b2 [redacted]		Manila	7/45 - 7/46	Army
		Manila	7/45 - 10/45	Army
		Manila	7/45 - 7/46	Army
		Manila	3/45 - 9/45	Army

4. Bibliography

a. Administrative Files

66-42 Office Administrative File for Manila, Philippine Islands.

67-400990 Office Personnel File filed under Liaison, Manila, Philippine Islands.

64-29833-239 Police Matters in the Philippine Islands.

DD. PORTUGAL

1. SIS Facilities and Objectives

During the summer of 1943 it was deemed advisable to establish an SIS liaison office at Lisbon, Portugal, due to the importance of that country in Axis espionage. The first Special Agent was assigned to the Embassy in Lisbon as Legal Attache in August, 1943. During most of the time this office was open it was found necessary to have two men assigned to it in order to handle the volume of work. The office was closed in September, 1946 as Portugal had decreased in importance as a site of subversive activities and the British Intelligence Office which had operated in that city during the war was being closed.

During the time the Legal Attache's Office was in existence in Lisbon, the Bureau's representatives were furnished adequate space within the Embassy buildings. The diplomatic immunity afforded by the Embassy was, in the case of the Legal Attache in Lisbon, vitally important, due to the freedom of action allowed enemy agents by the Portuguese Government.

The Bureau's representatives in Lisbon served in a straight liaison capacity with the local office of British Intelligence and with the other United States investigative and intelligence agencies which maintained representatives in Portugal.

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Through contacts with British Intelligence, the Bureau's representatives in Lisbon were able to secure much valuable information from the [redacted] which had previously been received solely from London. This material came from British decodes of German intelligence and diplomatic messages, and the information obtained by the Bureau's Lisbon representatives was of vital importance in many of the most important espionage cases investigated by SIS and the Domestic Field.

Through liaison with the other United States intelligence agencies, the Legal Attache's Office was able to obtain information developed by those agencies which pertained to the security of the Western Hemisphere.

In January, 1945 it was estimated that approximately 40 per cent of the work performed by the Legal Attache's Office pertained to specific leads set out by the Bureau relative to investigations pending in the United States or Latin America. An additional 30 per cent of the work originated from within the American Embassy itself, such as request for name clearances for passport applicants and general matters of security within the Embassy. The remainder of the Legal Attache's work originated with the British, Polish, Dutch, and Belgium intelligence offices in Lisbon. These requests related largely to the information desired by the interested agencies from the Western Hemisphere. (64-7085)

2. Major Accomplishments

a. Investigation for the United States Embassy

Probably the outstanding achievement which established the Legal Attache solidly with the officials of the Embassy was his success in obtaining a confession from Jose de Mateo Janerario, who had been an employee of the American Press Office in Lisbon until June, 1943. In December, 1943, he had been successful in corrupting another employee of that office who, at Janerario's request was removing certain microfilms and publications which were passed to the German Intelligence Service. In August, 1944, Janerario attempted to corrupt another employee of the American Press Office. This attempt was reported to his superiors and a trap was laid with the assistance of the Portuguese International Police. Janerario was arrested and his confession was obtained by the Legal Attache. Janerario compromised an attache of the Japanese Legation and an employee of the German Legation, both of whom were subjects of a protest to the Portuguese Foreign Office. (65-52069)

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b. Japanese Espionage

One of the more interesting cases developed at Lisbon was the Sunset Case involving Japanese espionage. [redacted] (S)

[redacted] Several messages were forwarded but the successful conclusion of the war against Japan brought an end to this case. Nevertheless, the Bureau's representative at Lisbon was able to advise the Bureau of the departure from Portugal of [redacted] in Lisbon. Consequently, arrangements were made at Tokyo to interview this member of [redacted] in Lisbon who had been involved in the Sunset Case. (65-55523)

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b7D

c. German Espionage

(1.) Inspection of Microdot Equipment As has been previously pointed out in the section on Mexico, the invention of the microdot system was probably the outstanding development in the field of espionage communication to come out of the war. It was not until Spring, 1945, that the Bureau's Laboratory had an opportunity to examine the equipment used to produce the dots. At that time the British in Portugal secured German microdot and cryptographic machines used by the German espionage system in that country. Arrangements were made by the Legal Attache at Lisbon to have these machines examined by a representative of the Bureau's Laboratory. This examination furnished the Bureau with information about the microdot machines which it had not previously possessed. (65-37793-102

(2.) Information Obtained after Cessation of Hostilities. With the cessation of hostilities in Europe, the Bureau's representative at Lisbon was able to take advantage of the tendency on the part of German diplomats and intelligence agents who functioned in Lisbon during the war to want to cooperate with the Allies in order to "save their skins." One of these furnished considerable information concerning the espionage activities of the German establishment in Buenos Aires during the war. He also gave a volume of information about Germans who had been repatriated from Argentina to Germany shortly after the close of the European war. Much of this information corroborated material already furnished the Bureau by the Legal Attache in Argentina. (105-5921) b7D

Another German who cooperated with the Bureau's representative in Lisbon was formerly employed in He was developed as an informant by the Legal Attache and he furnished him considerable information of value about the German diplomatic corps. also was able to give some account of the German Espionage system in Lisbon. He furnished the Legal Attache with a complete list of salaries paid Germans in Lisbon by the Legation. In addition, furnished a list of Portuguese newspapermen who carried on propaganda activities for the Germans together with the payments made to them for this service. (65-33405) b7C

Another one of the German Agents operating in Lisbon was A double agent operated by the Legal Attache named was able to secure considerable information of importance from until the cessation of hostilities. However, upon the surrender of Germany, turned himself over to the British as an informant. He was questioned by the British and the Legal Attache at considerable length. This interrogation supplied a great deal of information which completed the German espionage picture for the Allies. (64-30888) b7C b7D

There were a number of important Nazis living in Portugal at the end of the war. The SIS office in Lisbon closely followed the plans for the repatriation to Germany of these people. The allied governments presented lists of several hundred of these Germans to the Portuguese government with the request that they be repatriated to Germany as soon as possible. Although the Portuguese adopted delaying tactics the repatriation of most of these Nazis was eventually completed. (65-37153; 65-54086)

In line with the cooperation between the Portuguese and the German governments in a good many matters, it is pertinent to note that the Portuguese Secret Police were of considerable assistance to the Nazis during the war. Under their auspices, German Agents were permitted to travel freely through Portugal and operations against the Allies by Nazi espionage rings

functioning from Portugal were facilitated by this police force. When the German Consulate in Lisbon was inspected by our representatives, a file was located in which were found all communications dealing with contacts between the Germans in Portugal and the Portuguese Secret Police. (65-53392-27)

3. Personnel

The following Special Agents were assigned to SIS work in Portugal:

NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Lisbon	4/46 - 7/46	Official
		Lisbon	8/43 - 10/44	Legal Attache
		Lisbon	1/45 - 11/45	Official
		Lisbon	7/45 - 10/45	Official
		Lisbon	4/44 - 9/46	Legal Attache

4. Bibliography

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a. Principal Investigative Files

65-37193-236 Abwehr Activities in Portugal

65-55523 "Sunset" Espionage Case

b. Administrative Files

64-8085 Office Administrative File for Legal Attache's Office, Lisbon, Portugal

64-4984-236 Office Monthly Reports for Legal Attache's Office, Lisbon, Portugal

66-16308 Living Conditions in Portugal

67-386170 Office Personnel File for Legal Attache's Office, Lisbon, Portugal

64-29833 Police Matters File for Portugal

EE. SPAIN

1. SIS Facilities and Objectives

Due to the fact that Madrid, Spain, served as a focal point in the efforts of the German Intelligence System to penetrate the Western Hemisphere, it was deemed advisable early in 1943 to establish a Liaison Office in that city. In February of that year, the first Special Agent was assigned to Madrid in a liaison capacity. He served there until November, 1943. In April, 1944 the office was reopened on a permanent basis with the assignment of another agent as Legal Attache. During the peak period of coverage, two agents were on assignment in Madrid. In January, 1946 the office personnel was reduced to one agent. When the SIS Program was terminated in 1947, it was deemed advisable to keep the liaison office in Madrid open due to the importance of Spain in the postwar political unrest in Europe.

The Bureau's representatives in Spain occupied space in the United States Embassy in Madrid. These offices were small but it was unnecessary to request additional space inasmuch as the activities of the SIS Agents were limited to liaison work.

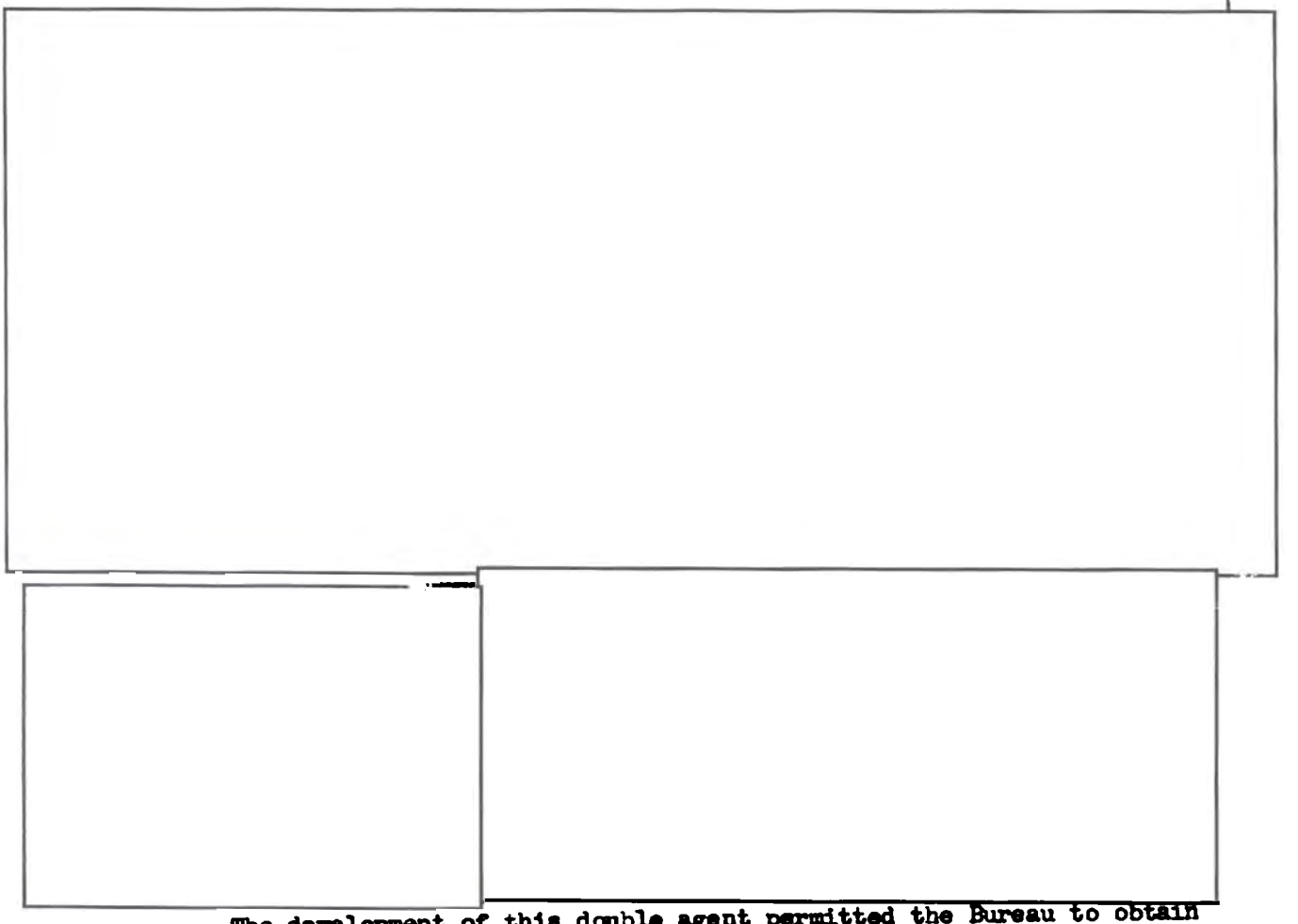
The Bureau's representatives in Madrid were primarily interested in obtaining information developed by other intelligence agencies relative to espionage and subversive activities in the Western Hemisphere. [redacted] charged with the responsibility of intelligence coverage in Europe. During the war, the Bureau's representatives, through these contacts, were able to follow closely the trends and plans of the German espionage group centered in Spain. (66-16229). (S)

2. Major Accomplishments

a. Double Agents

Inasmuch as Spain served as a center for extensive Abwehr activities, the Bureau's representatives devoted attention to the development of double agents. They met with considerable success in these efforts and succeeded in making contacts with several individuals who were under consideration by the Axis powers for assignment in the United States. The two principle double agents developed in Spain and subsequently operated in the United States under the control of the Bureau were [redacted]

[redacted] b7D



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The development of this double agent permitted the Bureau to obtain additional German microdots and information concerning secret writing methods. The case also furnished valuable data about the German espionage organization in Madrid and supplied information concerning the use of Spanish diplomatic personnel by the Germans. (65-53143).

b. German Activities

During the war many reports were received alleging collaboration between the Spanish police and the Nazi secret organizations. The Legal Attache at Madrid located in the German Embassy copies of actual contracts entered into between Himmler's organization in Germany and the Spanish police, calling for the closest liaison and collaboration on matters of mutual interest. This arrangement apparently continued throughout the war and resulted in Nazis in Spain receiving favored treatment from the Spanish authorities. It was also determined that the German intelligence agencies operating under diplomatic immunity in Spain had on their payroll several important Spanish secret police officials who actively worked for the Nazi espionage system.

One of the achievements of the Bureau's representatives at Madrid was the arrangement whereby they secured access to all information concerning transfers of capital from corporations in Spain to Latin America which had come to the attention of the American Embassy in Spain. These arrangements were made in order that the Bureau might be notified of the flight of any suspicious individuals from Europe to Latin America or to the United States during the course of the war. The arrangements included close examination of all passports as well as thorough screening of all applicants for United States visas. The purpose of this setup was to prevent large-scale flight of important Axis officials who had not been captured in Germany immediately after the termination of the war in Europe.

The Bureau's representatives at Madrid were able to promptly advise the Bureau of the departure of various high-ranking Axis espionage agents from Spain to Germany through the repatriation program for German Nationals. Included in this group were Kurt Von Rohrascheidt, Abwehr Intelligence Chief; Joachim Canaris; General Hans Doerr, German Military Attache in Spain; Gottfried Toboschat, Abwehr Chief in Barcelona; Gustav Lenz, former head of the Abwehr in Spain; Erwin Stubbs, important figure in the "Jar" espionage case; Hans Ziegra, German agent who was in Brazil and the United States before the war; Hans Von Buch, former assistant German Air Attache in Madrid, previously active in Peru; and Paul Firdmuo and Federico Furch, Abwehr agents in Spain.

The Bureau's London representative was later able to secure the results of the interrogation of most of these operatives through the War Room in London.

In addition to advising the Bureau of the departure of these people, the SIS agent in Madrid was of considerable assistance to American Embassy authorities in Spain during the war in identifying and securing incriminating information on many of the German agents who operated in that country. A list of several hundred such agents was furnished to the Spanish government by the Embassy with the demand that these individuals be interned or repatriated to Germany where they could be questioned. Subsequently the more important agents were deported from Spain. (65-37193-237).

c. Communist Activities

The Legal Attache at Madrid, Spain, was able to develop and maintain excellent relations with other governmental agencies in that country. As a result, in addition to his usual liaison duties, he has been able to secure extensive information concerning the activities of the Communists in their efforts to promote the overthrow of General Franco.

The trial of two Spanish Communists, Sebastian Zapirain and Santiago Alvarez y Garcia, attracted world-wide attention. These two men were arrested by the Spanish police. They were accused of acts against the internal security of Spain in that they held meetings in Madrid and instigated a movement to

destroy the Franco Government. The case was the object of world-wide pressure by the Communist Party and the Communist press. The trial was held in May, 1946, resulting in the conviction of both men along with twelve others accused of similar offenses. The Bureau's representative at Madrid was able to attend the trial as an observer. He furnished the Bureau with his comments concerning the procedure followed at the trial, the atmosphere in which it was conducted and the nature of the charges made against the accused men. He also outlined the substance of their defense against these charges. (64-200-237; 64-30685; 105-343357)

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3. Personnel

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The following Special Agents were assigned to SIS work in Spain:

NAME	SIS	CITY	DATE	ASSIGNMENT
		Madrid	2/43 - 11/43	Official
		Madrid	10/46 - Present	Legal Attache
		Madrid	4/44 - 1/47	Legal Attache
		Madrid	9/45 - 1/46	Official

4. Bibliography

a. Principal Investigative Files

65-37193-237 Abwehr Activities in Spain.

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65-53143 [redacted] and double agent [redacted] known under code name [redacted]"

65-53143 [redacted] and double agent [redacted] known under code name [redacted]"

64-200-237 Communist Movement in Spain.

b. Administrative Files

66-16299 Office Administrative File for Legal Attache's Office, Madrid, Spain.

67-387743 Office Personnel File for Legal Attache's Office filed under "Embassy" Madrid, Spain. The inspection reports for this office are filed separately.

64-29833 Police Matters in Spain.

64-4123-237 Informant File for Spain.

FF. TRINIDAD, BRITISH WEST INDIES

1. SIS Facilities and Objectives

On April 1, 1942, a Special Agent was assigned to the American Consulate at Trinidad, B.W.I., to act in a liaison capacity with British and American Intelligence representatives at that post.

[redacted] (S)

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The Bureau's representative was assigned to Trinidad in a strict liaison capacity and his principal functions were to obtain information which came into the possession of the other Intelligence agencies established at that point and which might be of interest to the Bureau. He was also able to work in close cooperation with those agencies in the interrogation and searches of individuals who transited that port.

The Liaison Office was finally closed in December, 1945, as the termination of the war and the end of British Travel Controls made this liaison post no longer necessary.

2. Major Accomplishments

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a. General Coverage

The Agent assigned to Trinidad materially assisted the Bureau's work by being present at interrogations of suspects and obtaining information of importance to the investigation of the Bureau's cases not only in Latin America but in the Domestic Field as well.

[redacted] S

cases,
(64-4473)

(S)

b. Interrogations

The Bureau's representative in Trinidad was able, by virtue of his participation in the interrogation of suspected individuals transiting that control point, to advise the Bureau and the other Legal Attaches of the impending arrival of persons believed to be working for the enemy. He was also able to develop considerable information, through the same means, which clarified many pending Bureau and SIS cases. Among the enemy agents who were captured at Trinidad and from whom the Bureau's representative was able to obtain valuable information were following:

Henri Catherin Gravet was recruited by the Spanish to work for the Japanese in the United States. He was apprehended December 8, 1943, and interrogated on the basis of SIS surveillance reports from Buenos Aires. (44-23401)

Luis Morales Serrano was a German agent who gave much information during his interrogation which was known to be largely a fabrication because of SIS investigations in Latin America. (64-40260)

Fernando Lipkau Balleta was arrested December 1, 1942, as a German agent and confessed that his destination was Mexico, from which country he was to report through drop boxes, using secret ink. (64-20674)

Joaquin Ruiz Coseascocchea, Second Officer aboard the SS "CABO DE HORNOS", was arrested at Trinidad August 21, 1943, at which time he admitted that he had been in the service of the Germans for a considerable period. The occasion for his arrest was the discovery of a radio transmitter hidden in the second class bar of the ship, though it later developed that Ruiz apparently had nothing to do with secreting the radio there. (64-26358)

Joaquin Baticon Martinez, waiter aboard the "CABO DE HORNOS", was arrested at Trinidad February 6, 1943, en route to Buenos Aires as an espionage agent, ultimately intended for use in Cuba. His interrogation brought to light much information on German espionage in Latin America. (64-20393)

Andres Blay Pigrau, Paraguayan Consul General to Barcelona, was arrested at Trinidad while en route to Buenos Aires, on October 21, 1942. He confessed that he had received passage money from the Germans when in need, and becoming indebted to them, had agreed to furnish information from Buenos Aires regarding Allied shipping to aid the Germans in their submarine warfare, then very successful. He was to be connected with the espionage ring of General Friedrich Wolf. He carried a letter for Manuel Perez Garcia and another from Joaquin Baticon for Jose Valles. (64-20393) b1

[redacted] (S)

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(S) [redacted] and from the Bureau in the EFE Case and Radio Station LIR, showing his association with Jose Mella Alfageme, prominent smuggler in Buenos Aires. (64-20393; 64-23891)

Oscar Liehr, an Argentine National, was arrested June 2, 1943, at Trinidad aboard the "CABO DE BUENA ESPERANZA" while en route to Buenos Aires as a German agent. (64-24787)

Manuel Perez Garcia was arrested at Trinidad on August 6, 1943, en route to Spain. He was Falange Security Officer in the Spanish Embassy at Buenos Aires and chief contact between General Friedrich Wolf, German Air Attache, and espionage couriers aboard Spanish ships. Garcia was en route to Spain on a brief visit and to secure a cipher machine from Germany for Wolf. (65-20393)

Juan Sindreu Cavatorta, an Argentine, was arrested August 19, 1942, while en route to Buenos Aires as an agent for the Germans. He had formerly been a flier with the Spanish Republican Air Force in Spain, but had been repatriated to Argentina in 1937 before the end of the Spanish Revolution and had become a hat-maker. In 1940 he had returned to Spain. (64-24498)

Jose Santiago Rogelio Stevens, of Uruguayan birth, was arrested July 31, 1942, aboard the "CABO DE HORNOS" en route to Montevideo as an espionage and propaganda agent for the Germans. He had spent some time in Brussels, Belgium, and aboard ships sailing to the Congo. He was contacted in Brussels by the Germans. (64-22142)

Jose Francisco Javier Pacheco y Cuesta, a Cuban, was arrested while en route to Cuba on the "MARQUES DE COMILLAS". He had been recruited in Belgium by the Germans and trained in Antwerp. He was connected for a time with the German service in Spain. (64-22002; 64-20393)

3. Personnel

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The following Special Agents were assigned to SIS work in Trinidad:

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NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]		Port of Spain	10/44-1/46	[redacted]
		Port of Spain	4/42-10/43	
		Port of Spain	9/43-12/44	
		Port of Spain	3/45-6/45	

4. Bibliography

64-4473 Office Administrative File for Legal Attache's Office, Trinidad, B.W.I.

67-383728 Office Personnel File for Legal Attache's Office, filed under caption, "Liaison Office, Port of Spain, Trinidad, B.W.I."

64-29833 Police Matters in Trinidad

GG. URUGUAY

1. SIS Facilities and Objectives

SIS Coverage in Uruguay was first inaugurated in September, 1940 when a Special Agent was sent to that country under cover for two months. Coverage was again opened in January, 1941 on a permanent basis. It was increased until Fall 1943, when thirteen agents were assigned in Uruguay. In July, 1946, when the final program for closing SIS was started, there were six Bureau representatives in Montevideo. The office was finally closed on February 6, 1947.

The Legal Attache's Office in Montevideo had physical facilities similar to the other SIS Offices. Space was furnished on the second floor of the United States Embassy Building. An auxiliary office where confidential informants could be met was maintained in a large apartment building near the American Embassy. A Bureau Radio Station was installed in the Embassy and for some time served as a relay station in communications between the Bureau and other SIS Offices.

The Bureau's representatives in Uruguay were primarily concerned with developing information on German Activities which could be used for intelligence purposes and which could also be furnished the Uruguayan Government through diplomatic channels for possible prosecution of the individuals involved. Uruguay was the leading country in South America to advocate aid to the democracies prior to Pearl Harbor and a permanent Congressional Investigative Committee was established to investigate Nazi activities. This Pro-American Atmosphere was of assistance to the Legal Attache's Office in Montevideo in conducting their investigations.

The Bureau's representatives in Uruguay were also concerned with the investigation of Communist activities since Uruguay for some time was the headquarters for various Communists who had been exiled from other countries. Information developed regarding Communism, however it was useful only as intelligence material in as much as the Uruguayan Government allowed the Communists to operate freely. (64-4478)

2. Major Accomplishments

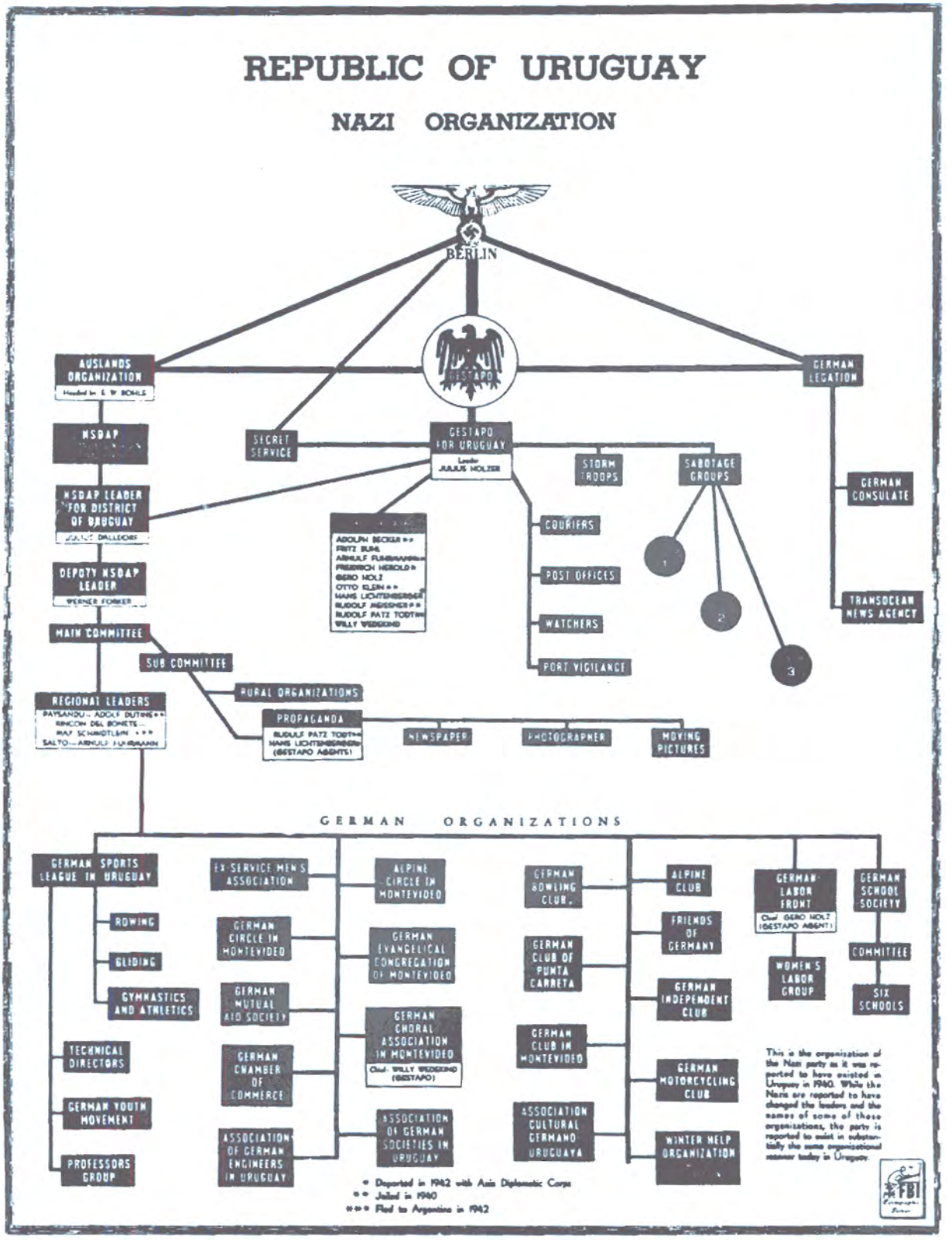
a. German Activities

Like the other countries of the River Plate region, Uruguay has a substantial German population. After Hitler came to power in Germany, the Uruguayan residents of German descent were subjected to Nazi propaganda and Nazi agents were active in forming the customary pro-Hitler organizations.

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REPUBLIC OF URUGUAY

NAZI ORGANIZATION



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The River Plate area has long been considered by the Germans as a logical place to expand their imperialistic ambitions. In 1911, Richard Tannenberg, in his book "Greater Germany: Work of the Twentieth Century," expounded the theory that Germany needed South American territory and produced a map showing how much of the territory of Brazil and Argentina, and all of Uruguay, Paraguay and the eastern part of Bolivia would be a colony in the New World. Such ambitions, of course, fitted into the Nazi plans and in Uruguay conquest by the Nazis was actually blueprinted.

The steps taken by the Uruguayan Government to curb Nazi activities and the leadership it assumed in Latin America in early support of the democratic countries, greatly reduced the danger of German direct action in Uruguay. As the legal restraints against the Nazis became more effective, the principal pro-German activity was collaboration with the Nazi agents operating in Buenos Aires which, as has been previously pointed out, became the principal center of German espionage in South America. Through adequate coverage, the Bureau's SIS agents were able to keep abreast of Nazi activities in Uruguay and the information developed was furnished to the Uruguayan Government through diplomatic channels. (64-3800-A)

(1) The Fuhrmann Plan for Nazi Conquest of Uruguay.

Shortly after the first Bureau representative arrived in Montevideo, an investigation was begun concerning the activities of Arnold Fuhrmann, a photographer in Salto, Uruguay.

This investigation, conducted by the Uruguayan Government, disclosed a plot to seize the Republic. Among the documents found in Fuhrmann's possession was the so called "Fuhrmann Plan" for the complete domination of Uruguay by Nazi forces. Under this plan Uruguay was to be occupied within a short time by troops recruited in Uruguay and Argentina. Complete plans had been drawn up utilizing Uruguayan Army maps and strategic localities had been inspected. The plan visualized the seizure of important Army and Navy positions first with the subsequent control of government, banking, trade, and agriculture, placing the entire Uruguayan economy under German control.

Investigation disclosed that Fuhrmann was formerly a member of the German Army and was looked upon as an extremely important Nazi agent not only in Uruguay but throughout all South America. When his plan of conquest was disclosed, Fuhrmann was arrested by Uruguayan authorities together with the twelve other leaders in this plot.

Upon the arrest of these thirteen individuals, the German Minister made a protest threatening the severance of diplomatic relations. At the same time, Argentina informed Uruguay that an additional strain on Germanic-Uruguayan relations would not be well regarded by the Argentine Government.

Due to this pressure, the Uruguayan officials released the thirteen Nazis. Pressure in the Uruguayan Parliament, however, forced the reopening of the case and the new Minister of Interior had the eight principal subjects rearrested in September, 1940. On January 8, 1944, the Legal Attache at Montevideo advised that the trial had been completed and that Fuhrmann had been sentenced to thirteen years in the penitentiary. Five of his associates were given sentences ranging from five to twelve years.

Although the original investigation of this case was conducted by Uruguayan authorities, the Bureau's representatives subsequently maintained coverage of the activities of Fuhrmann's associates against whom charges had not been placed by the Uruguayan Government and closely followed the trial, keeping the Bureau and the State Department advised of the course pursued by the Uruguayan Government in prosecuting these Nazi agents. (64-25684)

(2) Paul Klaas - German Espionage. During the Spring of 1943, SIS representatives in Montevideo instituted an investigation concerning the activities of Paul Klaas, former Chief Engineer of the Mechanical Division at the Montevideo port. It was determined that Klaas was regarded and recognized as an active Nazi having membership in the German Club and the German Sporting Club and was a regular contributor to the German Winter Relief Society. It was also disclosed that Klaas was formerly a member of the committee charged with the administration and control of Nazi Party affairs in Uruguay.

Subsequently, Klaas was dismissed from his position at the Montevideo port and was placed on a pension by the Uruguayan Government. Following his dismissal, the investigation showed that Klaas was visited by many persons still employed at the port, that he was contacting individuals associated with the German Winter Relief organization and that he was also in contact with Walter Scharnweber, the Head of German affairs at the Spanish Legation. It was also ascertained that [redacted] was employed as [redacted] b7C

The investigation concerning Klaas was continuous and during February, 1944, it was determined that an unidentified Uruguayan sailor left a message in a bar for an associate of Klaas regarding the expected arrival of an American vessel. This incident was said to have taken place three hours prior to the actual arrival of an American destroyer in the port of Montevideo. Later that same day the associate for whom the message was left was observed giving papers to an unidentified individual who went immediately to Klaas' home.

All the information concerning the individuals involved in this investigation was made available to appropriate Uruguayan authorities

through diplomatic channels and Klaas and all of his confederates were arrested by the Montevideo Police. (64-23836)

(3) Juan Alberto Bove Trabal - German Espionage and Propaganda. SIS representatives in Montevideo conducted an intensive investigation of the activities of Juan Bove Trabal, the son of a retired Uruguayan general, for a considerable period of time and determined that Trabal was engaged in extensive propaganda activities on behalf of the Germans. The investigation reflected that Trabal had long had definite totalitarian leanings. It subsequently developed that six Uruguayan Army officers were implicated with Trabal and it was alleged that the Army officers were also possessed of definite pro-Axis sympathies.

Trabal, in connection with his activities, frequently traveled from Montevideo to Buenos Aires and on November 8, 1943, upon his return from Buenos Aires by boat he was arrested by the maritime police and a subsequent search of his possessions reflected considerable pro-German propaganda. Also found in Trabal's possession at the time of his arrest were two letters, one in German and one in Spanish, both written in Buenos Aires, Argentina. The letter in German was addressed from "H. B." to "N. U." and the translation of the document reflected the existence of a system of forwarding information including photographs from Montevideo to Buenos Aires through couriers.

Additional information obtained by SIS representatives indicated that Argentine Foreign Minister Gilbert made a proposal to the Uruguayan Ambassador in Buenos Aires suggesting close cooperation in connection with the Trabal investigation. This action on the part of Argentina's Foreign Minister was believed to be indicative of the fact that Argentina feared that the developments in the matter would involve many high Argentine political officials and for that reason it was believed that Foreign Minister Gilbert was desirous of preventing the disclosure of the names of any prominent members of the Argentine Government which would undoubtedly cause the Argentine Government considerable embarrassment.

Bove Trabal was held in custody awaiting the results of further investigation which was being conducted jointly by the Uruguayan police and the Bureau's representatives. He was subsequently released, however, for lack of evidence but the Legal Attache's Office continued to follow his activities closely.

On January 5, 1945, Bove Trabal was again detained by the police of Montevideo on information furnished by the Office of the Legal Attache in Montevideo and the Argentine police. On his second arrest, Trabal made a statement to the Uruguayan police which definitely linked the Argentine General Staff with the German Intelligence Service in Argentina and Uruguay.

The statement, after describing the circumstances under which Bove Trabal began to work for the German Intelligence Service in Buenos Aires and Montevideo, set out that on November 4, 1943 he went to Buenos Aires from Montevideo, carrying correspondence from Jose Pfeffer for Hans Harmeyer. He stated he delivered the correspondence on November 5 and at the time he delivered this material to Harmeyer, he was interviewed by Colonel Arturo Brinkmann, Chief of the Military District of Buenos Aires. The statement continued that he was presented to Brinkmann by Ireneo Ernesto Banchs and that present at the interview were Laserre Marmol and a Bolivian of German descent. During his interview with Brinkmann, Brinkmann solicited reports concerning the Argentine exiles in Uruguay and the regular forwarding of the newspaper "Pueblo Argentino," edited by the exiles.

Arrested with Bove Trabal as accomplices were Alberto Domingo Frova, Walter Meerhoff, Luis Dreher Haussmann, Ramon Barbosa Lima, Lorenzo and Antonio Zimerman, Rosoldo Martinez Lanza, Luis Alberto Sciutto, Romeo Maeso, Ernesto Richter and Teodoro Muhlbauer. (64-27598)

(4) Fritz Arthur Berthold Rabe - German Espionage. In early April of 1945, the Uruguayan police detained Fritz Arthur Berthold Rabe and Horacio Camejo Azzi. Rabe had furnished ship movement information by coded messages, ostensibly of a commercial nature, to the notorious espionage agent Frederico Kempter who operated a clandestine radio station in Rio de Janeiro, Brazil. Kempter's activities were brought to a close in March of 1942. Rabe had been communicating with Kempter, using the name "Union" and also the name "J. Anacleto Rocco." He received mail at the address of Horacio Camejo Azzi in Montevideo.

Rabe admitted his guilt to the Uruguayan police and Azzi stated that he received three letters and one small package for Rabe. Azzi claimed that Rabe first approached him in January of 1941 to receive packages in the name of Anacleto Rocco.

Rabe stated that he was recruited by an individual unknown to him except by the name Reinhardt in August and September of 1940. He reported on ship movements in clear text to an address in Hamburg. After the breakup of the Kempter station, Rabe had no further contact until he made one direct with the German Embassy in Buenos Aires.

An associate of Rabe was Jose Vendemia. Sometime in 1942, Rabe volunteered his services to Lieutenant Martin Muller of the German Embassy in Buenos Aires. He maintained contact with that office by secret inks and encoded messages. Another Abwehr Agent in touch with the German Embassy in Buenos Aires was Carl Heinrich Adamowski. It was learned that even after his detention in April of 1945, Rabe maintained contact with the German agents headed by Ernst Schlueter through one [redacted] a Uruguayan girl,

b7C

and Ernesto Ricardo Brito. Pintos, using the password "Iglesia San Miguel," traveled to Buenos Aires on May 27, June 23 and August 18, 1945 and finally secured 6,000 pesos ($1,500.00 U.S.) from Ernst Schluster for the use of Rabe in his trial.

As a result of the SIS investigation in this case, 2 Germans, 1 Argentine and 3 Uruguayans were identified and arrested for participating in German espionage activities. (64-21361)

(5) SIS Assistance with Double Agent in [redacted] b7D

In connection with the investigation made by SIS representatives concerning [redacted] a German espionage agent, was operated [redacted] for the Bureau in New York for some time in the [redacted] He arrived in the United States via Montevideo, Uruguay, in late 1941. Inasmuch as he was born in [redacted] and had a number of friends in that country as well as in Germany, the German Intelligence Service utilized [redacted] and friend of [redacted], as an intermediary in furnishing him espionage funds. In order that the Bureau might closely control communications and transfers of funds between [redacted] a liaison was built up between [redacted] and one of the SIS undercover agents in Montevideo. By this means, the Bureau was able to become cognizant of all transactions between the two men. This was of considerable importance in view of the tendency toward noncooperation with the Bureau by [redacted] in New York, particularly with regard to the use of his funds. (65-57233)

(6) Black List Investigations. Considerable data relatin to the activities of various persons and firms in Uruguay which appeared on the United States Proclaimed List of Blocked Nationals was obtained by SIS agents. The following is a partial list of Uruguayan individuals and companies which were either placed or maintained on the United States Black List as a result of information concerning them which was developed by Bureau representatives: Curt Ahlig (64-3804-A-141); Banque Francaise et Italianne pour l'Amerique du Sud, S. A. (62-63147-200); Berger y Cia. (64-3804-43); Ernesto Dalldorf (64-3806-A-6; 64-3806-1; 64-1006-19-Ph); El Paraiso de las Ninos (64-3804-43); O. M. Durnhofer (64-3806-A-4-Sec.II; 64-3804-A-39); Carlos Finsterwald (64-3804-43); Luis G. Gil (64-3000-359; 64-3800-62); Hotel Maas (64-3804-A-434); Lahusen y Cia., Ltda. (64-3804-A-363) Walter Nier (64-3800-203); Ernesto Quincke, S. A. (64-1006-19); Rabe y Cia. (64-3806-A-6-P3; 64-3806-A-4-Sec. II); Walter Scharnweber (64-3800-E-15; 64-2804-A-1294); Hermann Stahl (64-3804-A-433); Willy Wedekind (64-3800-A-165; 64-3800-24; 64-3800-A-19); Felix Turcatti (64-3804-C-9); Staudt y Cia. (64-3804-A-141; 64-3811-A-17); Tubos Mannesmann (64-3806-A-4-Sec. II).

b. Anti-United States Propaganda

Climaxing an intensive investigation instituted by SIS representatives in Uruguay two Argentineans were arrested by the Montevideo authorities during September, 1943, on charges of distributing pro-Nazi anti-United States propaganda in Uruguay which had been imported from Argentina. The arrests subsequently led to the discovery of a wide-spread anti-Allied propaganda ring in Uruguay. Juan Carlos Mendieta (Etcheverri) one of the individuals involved, was an Argentine subject but had lived in Uruguay for the past nine years where he had held the position as Director of "Armas de la Patria," a periodical authorized by the Ministry of Defense. At the time of Mendieta's arrest the police also seized a quantity of single sheet articles which were supposed to have been based on articles sent by Horacio F. Lagos, editor of "America Alerta," and a strong anti-North American writer. A mailing list of persons throughout Uruguay was seized which set forth the names of those individuals to whom the literature was to be distributed and from whom financial contributions were received.

Jacobo Rismann another Argentinean, who acted as a courier for propaganda on the boat from Buenos Aires to Montevideo, was also arrested. Although Rismann was subsequently released by the authorities Mendieta was remanded to jail for violation of the Uruguayan laws prohibiting anti-Nationalist activities. (64-27005)

c. The Communist Movement

(1) Local Communist Activities. Being perhaps the most democratic country in South America, Uruguay was most tolerant of liberal and leftist movements, and was the center of highly important communist activities. Coverage of this field was, therefore, a major matter for the Legal Attache's Office.

The freedom enjoyed by Communism in Uruguay brought forth a considerable volume of publications of a communist nature for dissemination throughout Latin America. Ediciones Pueblos Unidos, Ltda., for example, printed Spanish language editions of many Soviet and communist works, for sale throughout the western hemisphere, especially where communist propaganda was restricted. Uruguay also was the center for numerous radio broadcasts, intended both for local and foreign reception, many of them beamed toward Argentina, Brazil and Paraguay, as well as Bolivia, which restricted such broadcasts within their own borders.

This proximity to several so-called "reactionary" governments made Uruguay a strategic point for exiled communists of other countries.

Much of the direction of Paraguayan communism emanated from there, and until 1945, the direction of Brazilian and Argentine communism was similarly centered in Montevideo. Newspapers were printed for clandestine circulation in those countries, policy was formed, money collected, and in short, full headquarters were set up. In April, 1945 Brazil relaxed her bars and in August Argentina did likewise, causing many of these Communist leaders to drift back from Uruguay.

Numerous "Free" movements also maintained staffs there and used the country as a base for personnel returning from Latin America to Europe. These groups maintained their own organizations, printed their own papers and magazines, and even solicited Uruguayan aid in securing diplomatic papers for their members to proceed safely back to their original homes. After late 1945, most of the important Spanish Communists in the Western Hemisphere went to Uruguay prior to departure for France to join their leader, Dolores Ibarruri, in fighting the Franco regime. In Uruguay, many assumed new identities and received credentials making it difficult for Franco agents to identify them en route.

During 1945 and early 1946, the principal efforts of the Communist Party of Uruguay were directed toward raising funds for propaganda purposes and securing representation in the Presidential Cabinet under a "National Unity" program. They felt that their two Senators and their Deputy in the Congress did not constitute sufficient participation in the government. In December, 1945, it accepted into its ranks, with a great deal of publicity, 69 Uruguayan Intellectuals, who, although previously pro-communist, had refrained from accepting actual membership in the Party. During the same month a Plenary Session of its Central Committee elected new officers and made plans for redoubled efforts during 1946. A particular effort was made to force the repeal of the Uruguayan Press Law which required an officer of every publication to accept legal responsibility for any libel or slander which may appear in the paper. Under this law, Rodney Arismendi, Editor of the Communist Daily "Diario Popular", had been sentenced several times.

During summer and fall of 1946, SIS coverage of Communist and related activities in Uruguay was complicated by a considerable number of outside Communists who visited the country. In August, Marie-Claude Vaillant-Couturier, the French Communist Deputy, arrived for a tour to promote Communist women's organizations in Uruguay. The Cuban Communist poet, Nicholas Guillen, was likewise a visitor as were several other Latin American Communist leaders who passed through en route to the Argentine Communist Congress held in August. The Uruguayan delegate to the Congress was Rodney Arismendi, editor of the Communist daily newspaper, who had only recently returned from hiding in Argentina where he was sought on libel charges.

In the fall of 1946 all Communist efforts were directed toward the November 24 National Election. As a result of their heavy propaganda and their control of the General Union of Workers of Uruguay, they were able to elect a Senator, four Deputies, and two Montevideo City Councilmen. They polled about twice as many votes as in the 1942 election.

Until the Legal Attache's Office was closed, the Bureau's representatives maintained excellent coverage over Communist matters in Uruguay and kept the Bureau and the State Department fully advised of all developments. (64-200-227)

(2) Soviet Diplomatic Activities. The Soviet Legation in Montevideo, founded in March, 1944, exercised an important influence in Communist affairs in Latin America. It tabulated all German communists in that country; it arranged for giving Soviet citizenship to persons of European countries which were under Soviet domination; it secured biographical data on Russians in that part of Latin America; and it allegedly subsidized the then shaky Communist paper "Diario Popular". It likewise furnished money and propaganda to Slavic groups for radio programs and meetings. It courted Uruguayan friendship by assisting in development of oil resources and sent Pavel Malkov from the Embassy in Colombia to perfect commercial arrangements for Soviet purchase of goods, including 5000 tons of vegetable oils. In May and June 1946, Malkov accompanied a Soviet Trade Mission from Argentina to Uruguay to make further commercial arrangements.

These Soviet activities reached such proportions that in late 1945 it was deemed of sufficient importance to assign a representative of the Soviet News Agency "Tass" to Montevideo to furnish and collect news of Soviet affairs. Gregori Stepanian, a veteran with Tass, assumed this post. He was placed under careful SIS coverage, since previous experience had shown that such representatives often engaged in intelligence activity. (64-211-227)

Soviet activities in Uruguay were supplemented late in 1946 by the visit of General Ljubomir Ilich, a representative of the Tito-dominated Yugoslav government who was on a tour of Latin America negotiating for an exchange of diplomatic missions. Ilich was known to be an intelligence agent as well as a diplomatic representative and the Legal Attache's Office in Uruguay, as well as the Bureau's representatives in other countries, followed his activities closely. (100-345476; 100-345359)

3. Personnel

The following Special Agents were assigned to SIS work in Uruguay:

NAME	SIS	CITY	DATE	ASSIGNMENT
[redacted]	[redacted]	Montevideo	5/43 - 5/43	Plant Survey

b2

b7C

b2
b7C

[redacted]

Montevideo	6/46 - 7/46	Official
Montevideo	5/45 - 2/47	Undercover
Montevideo	3/44 - 4/44	Undercover
Montevideo	5/43 - 12/43	Undercover
Montevideo	2/43 - 1/44	Undercover
Montevideo	11/42 - 2/45	Undercover
Montevideo	8/41 - 7/42	Undercover
Montevideo	2/44 - 6/45	Undercover
Montevideo	3/42 - 12/42	Undercover
Montevideo	3/46 - 7/46	Official
Montevideo	8/44 - 8/44	Official
Montevideo	5/45 - 3/47	Undercover
Montevideo	3/44 - 3/45	Undercover
Montevideo	1/42 - 7/42	Undercover
Montevideo	6/43 - 12/43	Undercover
Montevideo	12/42 - 7/44	Official
Montevideo	4/42 - 5/43	Legal Attache
Montevideo	6/43 - 12/43	Undercover
Montevideo	8/43 - 4/46	Legal Attache
Montevideo	1/41 - 3/42	Official
	1/43 - 4/43	Official

[redacted]

Montevideo	5/43 - 12/43	Undercover
Montevideo	4/43 - 5/43	Plant Survey
Montevideo	10/44 - 2/47	Legal Attache
Montevideo	12/42 - 11/43	Official
Montevideo	10/42 - 12/43	Undercover
Montevideo	3/44 - 5/44	Undercover
Montevideo	5/43 - 6/43-	Plant Survey
Montevideo	5/45 - 2/46	Official
Montevideo	4/43 - 12/43	Undercover
Montevideo	12/41 - 10/42	Undercover
Montevideo	2/46 - 2/47	Official
Montevideo	9/40 - 11/40	Undercover
Montevideo	6/43 - 1/44	Official
Montevideo	5/42 - 10/42	Undercover
Montevideo	7/42 - 1/44	Official

4. Bibliography

a. Principal Investigative Files

64-3800 General Miscellaneous File on Uruguay

64-3800-A General File on German Activities in Uruguay

64-3800-B General File on Japanese Activities in Uruguay

64-3800-C General File on Italian Activities in Uruguay

64-3800-D General File on Communist Activities in Uruguay

64-3800-E General File on Spanish Activities in Uruguay

64-3800-F General File on French Activities in Uruguay

64-3800-G General File on British Activities in Uruguay

64-3800-H General File on American Activities in Uruguay

64-3800-I General File on Hungarian Activities in Uruguay

64-3800-K General File on Swiss Activities in Uruguay

64-3800-L General File on Swedish Activities in Uruguay

64-3800-N General File on Austrian Activities in Uruguay

64-3801 Political Matters in Uruguay

64-3802 Economic Matters in Uruguay

64-3803 Social Matters in Uruguay

64-3804 General File on Foreign Agents in Uruguay

64-3804-A German Agents in Uruguay

64-3804-B Japanese Agents in Uruguay

64-3804-C Italian Agents in Uruguay

64-3804-D Communist Agents in Uruguay

64-3804-E Spanish Agents in Uruguay

64-3804-F French Agents in Uruguay

64-3804-G British Agents in Uruguay

64-3805 General File on Propaganda in Uruguay

64-3805-A German Propaganda in Uruguay

64-3805-C Italian Propaganda in Uruguay

64-3805-D Communist Propaganda in Uruguay

64-3805-E Spanish Propaganda in Uruguay

64-3805-F French Propaganda in Uruguay

64-3805-H American Propaganda in Uruguay

64-3806 General File on Foreign Penetration in Uruguay

64-3806-A German Penetration in Uruguay

64-3806-B Japanese Penetration in Uruguay

64-3806-C Italian Penetration in Uruguay

64-3806-D Communist Penetration in Uruguay

64-3806-E Spanish Penetration in Uruguay

64-3806-F French Penetration in Uruguay

64-3807 Sabotage in Uruguay

64-3807-A German Sabotage in Uruguay

64-3807-G British Sabotage in Uruguay

64-3808 General File on Foreign Residents in Uruguay

64-3808-A German Residents in Uruguay

64-3808-B Japanese Residents in Uruguay

64-3808-C Italian Residents in Uruguay

64-3808-D Communist Residents in Uruguay

64-3808-E Spanish Residents in Uruguay

64-3808-F French Residents in Uruguay

64-3808-H American Residents in Uruguay

64-3808-N Austrian Residents in Uruguay

64-3810 Military and Naval Matters

64-3811 General File on Foreign Firms in Uruguay

64-3811-A German Firms in Uruguay

64-3811-B Japanese Firms in Uruguay

64-3811-C Italian Firms in Uruguay

64-3811-E Spanish Firms in Uruguay

64-3811-F French Firms in Uruguay

64-3812 General File on Radio Stations in Uruguay

64-3812-A German Radio Stations in Uruguay

64-3812-C Italian Radio Stations in Uruguay

64-3812-E Spanish Radio Stations in Uruguay

64-3812-G British Radio Stations in Uruguay

64-3814 Submarine Activities Near Uruguay

64-3814-A German Submarine Activities Near Uruguay

64-3816 Plant Surveys in Uruguay

64-200-277 Communist Movement in Uruguay

64-211-227 Soviet Diplomatic Activities in Uruguay

100-341561-227 Labor Conditions in Uruguay

64-309-227 Smuggling in Uruguay

b. Administrative Files.

64-4478 Office Administrative File for the Legal Attache's Office, Montevideo, Uruguay

64-4984-227 Office Monthly Reports for Legal Attache's Office, Montevideo, Uruguay

64-4628 Living Conditions in Uruguay

67-383689 Office Personnel File for Legal Attache's Office filed under caption "Embassy, Montevideo, Uruguay." The Inspection Reports for this office are filed separately.

64-29833 Police Matters in Uruguay

64-4123-227 Informant File for Uruguay

c. Monographs

"Totalitarian Activities in Uruguay Today" - General Monograph covering various phases of the Bureau's work in Uruguay, published July, 1942, 128 pages.

"SIS Office, Montevideo, Uruguay" - Photostatic reproductions of the Bureau's Office and Facilities in Montevideo.

"The Japanese in Latin America" - pages 139 to 140 refer to the Japanese in Uruguay. Published November, 1945.

"The Communist Movement in Latin America" - General Monograph covering Communism in Latin America on a hemispheric basis, pages 127 to 129 refer to the Communist movement in Uruguay. Published January, 1946.

HH. VENEZUELA

1. SIS Facilities and Objectives

SIS coverage was opened in Venezuela in October 1940 when an undercover agent was assigned to Caracas. Personnel was increased until October 1943 when twenty-seven agents were assigned to Venezuela in the Legal Attache's Office, attached to the various consulates or under cover. By July 1946 when the final program for closing SIS was started there were four agents assigned to Venezuela. The office was finally closed on March 20, 1947.

The Legal Attache's Office in Caracas was located in the Pan American Building which also housed the Office of the Naval Attache and the Commercial Section of the Embassy. A Bureau radio was not installed in Venezuela but instead urgent communications between the Bureau and the Legal Attache's Office in Caracas were handled by radio between the Bureau and the Legal Attache's Office in Bogota, Columbia which was within easy telegraphic contact with the SIS representatives in Caracas.

The Bureau's representatives in Venezuela were primarily interested in obtaining information regarding Axis activities for intelligence purposes and also for submission to the Venezuelan authorities through diplomatic channels for possible prosecution or internment. They were also concerned with the collection of information regarding Communistic activities and in following the turbulent political situation. Venezuela was one of the few countries in which the Embassy officials specifically requested the Legal Attache's Office to furnish them any reliable information concerning political matters. In most other instances, political reporting was deemed to be the exclusive field of the State Department representatives but in Venezuela the Embassy officials recognized the close connection between subversive activities and local political developments and requested that the Bureau's Agents furnish them the dependable information regarding politics which might come to their attention. (64-4464)

2. Major Accomplishments

a. German Activities

In Venezuela, the number of Germans was small in comparison with other South American countries. In 1941 the number of German nationals was reported to be 1499 and the number of Venezuelans of German extraction was estimated as 8,500. Many of these individuals, however, had achieved prominence in business and social affairs as a result of which actual German influence was greater than the size of the German colony would indicate.

The Nazi Party and its affiliated groups existed in Venezuela but they were not well organized. As late as January 1941, the Nazis were reported to have complained of the lack of cooperation they were receiving from the Germans in Venezuela. During the early part of the war, organized Nazi activities were reduced even further by the departure of some of the principal leaders to Europe and the relegation of others by the Venezuelan government.

The Bureau's representatives in Venezuela followed the activities of the important remaining German nationals and investigated many charges of espionage. In this line, they devoted considerable time to the investigation of Pedro Alfonso Acero and Pedro Abreu, two former Venezuelan diplomats who had been recruited by the German Intelligence services as agents. They also followed the activities of Heriberto Schwartau (Eskildsen) while he was in Venezuela. As has been pointed out in the section on Colombia, Schwartau was a German agent connected with the PYL radio ring who was taken into custody by the Colombian police.

Investigation showed, however, that the Germans did not constitute as grave a danger in Venezuela as they did in some other South American countries although they always remained a potential threat. ("Venezuela Today"; 64-3100-A; 64-3104-A)

(1.) "Apfel" German Sabotage Organization The German sabotage group known as the "Apfel" ring which was set up in South America, under the direction of Albert Julius Von Appen and Georg Konrad Friedrich Blass, alias "Dr. Braun" has previously been discussed under the sections pertaining to Brazil and Chile. When in March 1945, Von Appen, confronted by the evidence accumulated against him by SIS, confessed his activities and named the other members of the ring, he implicated Ernst Gerhard Karl Roggemann in Venezuela.

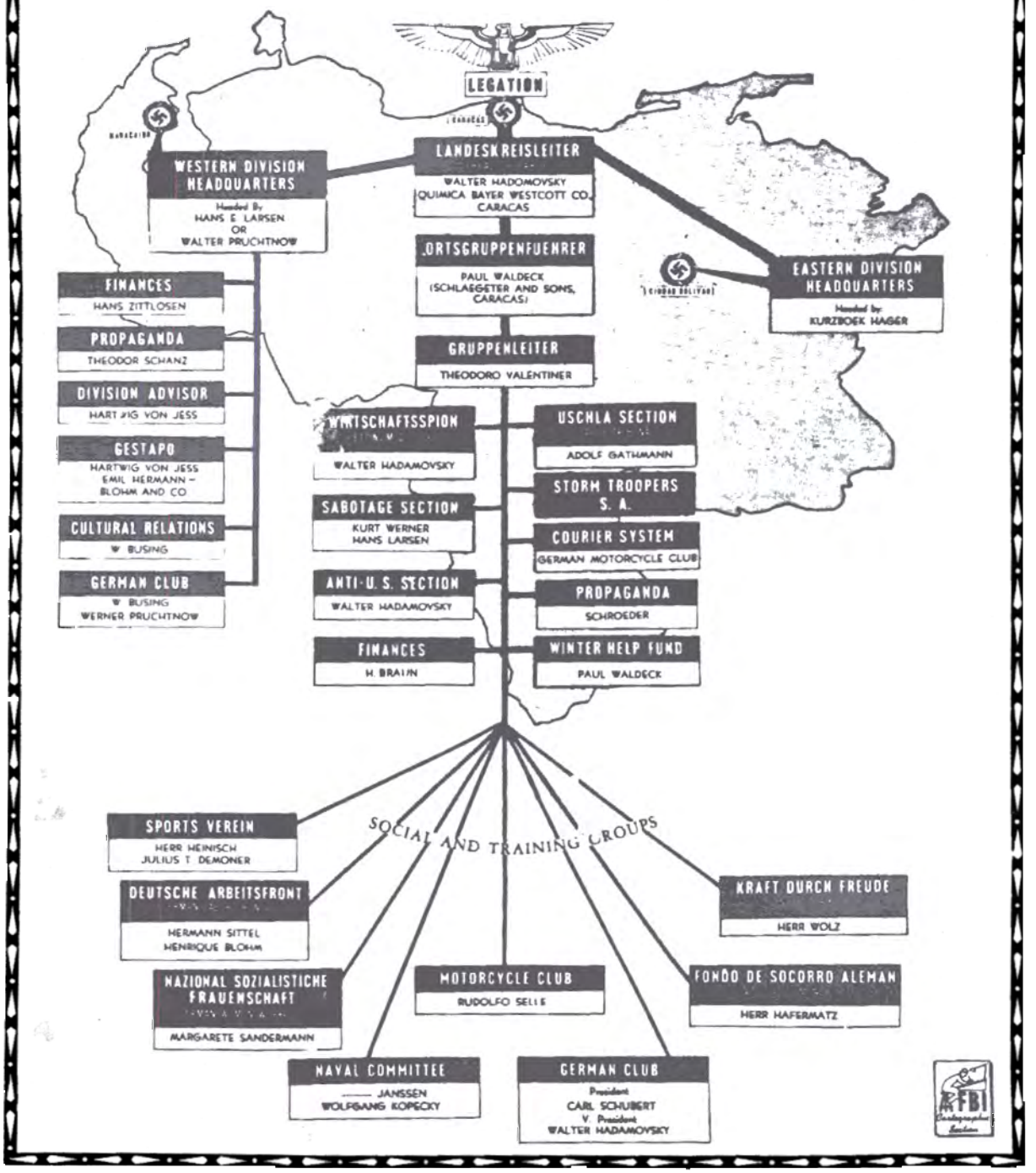
An intensive investigation was undertaken in Venezuela by the police authorities working with the Bureau's representatives. As a result, ten persons affiliated with the ring in Venezuela were interrogated and confessed their participation. Inasmuch as there were no Venezuelan statutes covering this type of activity, the subjects were relegated to the town of Rubio and no further action was taken against them.

The failure of the Venezuelan government to act decisively in this case caused widespread comment and the British and American governments expressed concern regarding the matter. From a practical standpoint, however, the SIS investigation together with the attendant publicity and the relegation of the subjects forstalled any clandestine activity by the ring in Venezuela. (64-23309)

~~SECRET~~

REPUBLIC OF VENEZUELA

GERMAN ACTIVITIES



~~SECRET~~

(2.) Quimica Bayer-Weskott Drug Confiscation. In Venezuela, the German-owned Bayer organization, known as Quimica Bayer-Weskott y Cia., was dominated and controlled by the I.G. Farbenindustrie, a German combine which had a controlling interest throughout the world in the distribution of dyes, chemicals and pharmaceuticals. The Bayer organization established branches in most of the South American countries which, as a by-product, furnished assistance to the Nazis through the collection of Party funds, distribution of propaganda, and in conducting espionage. This was accomplished on a large scale, and German agents used the Bayer concern as a cover to conceal the true nature of their activities. In every country in which a branch of the Farben trust was located, the higher officials of the company and a majority of the employees were determined to be Nazi Party supporters and ardent workers in the field of propaganda and espionage.

Walter Hadamovsky, the Manager of Quimica Bayer in Venezuela, was regarded as the head of the Nazi Party in that Republic. Through the vigilance of the Venezuelan National Police and its Director, Dr. Manuel Antonio Pulido, the activities of Hadamovsky were revealed, and he was ordered to confine himself to a remote place in Venezuela..

The Bayer organization in Venezuela had long been on both the American and British black lists, and suffered due to the difficulty of receiving merchandise for its market in Venezuela. Inasmuch as the sources of supply in the United States and in Germany had been effectively cut off, the concern arranged for pharmaceutical products in the amount of $23,691.20 to be shipped from Argentina to Venezuela via the Argentine steamer SS "RIO GRANDE." As a cloak for this undercover purchase, one E. Lleras Castro, of Caracas, Venezuela, was employed as the consignee of the valuable chemicals.

After having been notified of the above shipment by the Legal Attache in Caracas, the American Embassy there, working with the Venezuelan National Police, immediately took steps to intercept the shipment. The ship arrived at Maracaibo, Venezuela, in October, 1943, but the goods were not permitted to be unloaded. Inasmuch as the next stop of the "RIO GRANDE" was San Juan, Puerto Rico, the United States Attorney there, after being apprised of the Bayer scheme, caused the merchandise to be seized by Customs officials on the order of the Alien Property Custodian when the ship docked in the harbor of San Juan on October 18, 1943.

As a direct result of information furnished by SIS representatives in Venezuela and as a result of the confiscation of drugs destined for the Quimica Bayer-Weskott drug concern, the Venezuelan Government issued a decree on September 25, 1944, calling for the liquidation of six German and ten

Japanese firms in Venezuela, all of which were on the United States Proclaimed List of Certain Blocked Nationals. The decree further prevented the trade marks of Quimica Schering, S. A. and Quimica Bayer-Weskott Company to persons except those approved by the Venezuelan Government. Similar action was considered against other prominent German firms in Venezuela. (64-23688)

(3.) Attempted Purchase of Venezuelan Oil. The Office of the Legal Attache at Caracas, through confidential sources, ascertained that Andres Daniel Hogfeldt and Walter Solomon Sachs, while in Venezuela in June of 1944 attempted to negotiate with Isaias Medina, President of Venezuela, for the introduction of $250,000,000 into Venezuela to be used for public projects in exchange for Venezuelan oil which was to be shipped to Sweden over a long period of years. While this money ostensibly was Swedish capital, it was learned that it might possibly be of German origin. Hogfeldt, a Swedish citizen, was one of the ranking officials of the Johnson Line, Swedish steamship company in New York, whose main offices were in Stockholm, Sweden. Sachs, a naturalized citizen of Swedish origin, was connected with the brokerage house of Kaercher and Company, Inc., 1518 Walnut Street, Philadelphia, Pennsylvania.

It was ascertained by the Bureau's representatives that President Medina was unfavorably impressed, probably because of the fact that Hogfeldt had made inquiries concerning Medina's susceptibility to bribes and personal gifts and the plan failed to materialize. The Embassy and the Bureau were kept constantly advised of the developments in this attempt to divert petroleum, which was vital to the United States Naval operations, to Europe where it might become available to the enemy. (40-24365)

(4.) Black List Firms. Through Bureau representatives, a considerable quantity of information was developed in Venezuela and furnished to interested Federal agencies regarding individuals and firms who were already included in the United States Proclaimed List of Certain Blocked Nationals, as well as data concerning individuals and firms who were later placed on the Proclaimed List. The information developed by the Bureau's representatives was utilized to a great extent in the proper functioning of the United States Black List.

The following individuals and firms are some of the more important ones on whom the Legal Attache's Office developed information:

Walter Hadamovsky
Gustavo Zingg and Company
Werner Pruchnow and Company
Quimica Schering, S.A.
Bruer Moller and Company

(64-3904-A-330, 64-3904-40, 64-3904-A-224)

b. Angel Arpon - Diamond Smuggling

Venezuela was one of the world's principal producers of industrial and other type diamonds. Prior to the entry of the United States into the war, Japan and Germany more or less openly purchased diamonds in both the regular and black markets. The Lati Air Lines between Europe and Brazil carried large quantities of diamonds to the Axis prior to its discontinuance on December 8, 1941. Subsequently, the Axis traffic in diamonds decreased due to the loss of this airline and the fact that the Latin American countries increased their attempts to control the production and marketing of diamonds although they were not always successful.

The large black market in diamonds which centered around Caracas was reported to be the source of many of the diamonds which were being smuggled to Germany. Both Germany and Italy were in dire need of industrial diamonds for wartime use and provided an attractive market for this type of stone. The prevention of industrial diamonds from reaching Germany was one of the major objectives in economic warfare and was also one of the chief concerns of SIS representatives in Venezuela.

One of the principal smuggling cases involved Angel Arpon who bought and smuggled diamonds, working in collaboration with Jose A. Sangroniz de Castro, the Spanish Minister to Venezuela, who was one of the more important individuals sponsoring the diamond traffic.

Angel Arpon, a Spanish national, arrived in Venezuela during World War II and after considerable observation it was suspected that he was engaged in a mission to procure diamonds which would be smuggled from Venezuela to Spain where they might fall into the hands of the Axis. Arpon returned to Spain in February of 1943, at which time arrangements were made with British authorities for his removal from the ship at Trinidad. The search of Arpon and his possessions as well as of approximately eight of his Spanish colleagues produced about 30,000 dollars worth of diamonds which were found concealed in various pieces of luggage and on Arpon's person.

The confirmation of Arpon's smuggling activities necessitated numerous investigations of his contacts in Venezuela. These investigations further indicated that the Spanish Minister, Jose A. Sangroniz de Castro, was implicated in this traffic. The following Autumn Sangroniz was recalled to Spain and on their departure from Venezuela Senora Sangroniz succeeded in taking with her a large quantity of diamonds which she smuggled out of Venezuela under the protection of diplomatic immunity. According to one reliable source, Sangroniz' recall as Spanish Minister to Venezuela was due in part to the capture of Arpon by the British while trying to smuggle diamonds to Europe and the information which he furnished his captors regarding his associates. (64-20876; 64-3900-A; 64-3900-E; 64-3904-E; 64-309-228)

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c. Plant Surveys of Oil Companies

One of the Bureau's representatives in carrying out his undercover character, secured the [redacted] for the major oil companies in Venezuela, and in such capacity, conducted a survey of the facilities and installations of the Lago Petroleum Company during the later part of 1947 and made certain recommendations. The result of this survey was made available to the Military Intelligence Division, the Office of Naval Intelligence, and other interested Federal agencies with the result that the suggestion was made by the Military Intelligence Division that additional surveys be made of the remaining principal oil installations in Venezuela. It should be noted that the reaction of the oil companies to the surveys was most favorable and that the recommendations made as a result of these surveys were carried out almost to the letter.

In accordance with the request of the Military Intelligence Division that additional surveys be made of the remaining oil installations, the Bureau's representative thereafter made a survey of the protective facilities of the Gulf Oil Company installations in Western Venezuela. (Monograph on FBI Survey Reports.)

An interesting result of the above-mentioned surveys was the enactment of additional legislation by the law-making bodies of Venezuela. This legislation declaring the oil-producing areas of Venezuela "restricted areas" was undoubtedly the outgrowth of the efforts of our SIS representatives.

When the SIS representative delivered his plant survey recommendations to the officials of the Lago Petroleum Company, he suggested that one of the most effective measures to be used in an effort to prevent sabotage was to restrict traffic of all persons throughout the entire oil-producing areas. A plan was outlined by the Bureau's representative whereby all land traffic could be controlled. Mr. J. W. Brice, who at that time was acting President of the Standard Oil Company of Venezuela, made an inspection trip and later conferred with the Bureau's representative concerning this matter.

As the major oil companies had found that additional troop protection which had been secured after the outbreak of the war had not been generally effective, they became interested in promoting the "restricted zone areas" idea. As a result of the inspection trip of Mr. Brice and his conference with the Bureau's Agent, it was decided by Mr. Brice to present the idea to the Venezuelan Government together with officials of other companies. A memorandum was prepared by Mr. Brice for presentation to the Government, and on January 15, 1942, it was presented to the Minister of War and Marine who indicated his approval. The plar was later submitted to President Medina and his Cabinet with the result that the idea was favorably acted upon and a decree providing for "restricted areas" went into effect January 20, 1942.

Another interesting result of our SIS representative's work in this connection was the installation of a Security Board which was an outgrowth of the meeting of principal representatives of the leading oil companies in Venezuela with this SIS undercover representative. The Security Board's functions were to meet the emergencies of the day. The responsibilities of this group were of particular importance due to the threat of sabotage or destruction because of submarine activity in the Caribbean Sea. (64-3900-64, 84-85,116)

d. The Communist Movement

(1) Local Communist Activities. The Legal Attache's Office in Venezuela was highly successful in providing constant coverage of Communist activities and kept the Embassy and the Bureau advised of the development of the Communist movement in Venezuela. Periodic reports were also submitted on all important Party functionaries and front organizations.

SIS coverage in the Venezuelan Communist field until late 1946 consisted primarily of following the activities of separate dissident groups of Communists and the efforts of their leaders to merge the groups into one Party. Serious intra-Party factional disputes had began in 1942 and recurred in 1944, resulting in the split of the Party into the Collaborationist and Revolutionary factions. The Collaborationist faction organized a separate Party, which was legalized on October 9, 1945, as the Communist Party of Venezuela. The Revolutionary faction also organized a separate Party, which was legalized early in 1946 under the name of Unitarian Communist Party.

It is interesting to note that during the investigation of this dispute, information was developed which indicated that the Communist Party in Cuba might have some authority on political matters over the Communists in Venezuela. This was brought out when it was learned that the Cuban Communist Party had asked the Revolutionary faction in Venezuela to send them a representative to explain their side of the disagreement. Subsequently the Cuban Communists requested the leader of the Collaborationist faction to come to Cuba to explain his position, which he refused to do.

It was also reliably reported that afterwards a report on the Communist dispute in Venezuela was taken to Moscow by Alexei Antipov, the Second Secretary of the Russian Legation in Bogota, Colombia, which report had been prepared by a leader of the Revolutionary faction in Venezuela.

During Summer, 1946, it was learned that the Soviet Embassy in Caracas was displeased with the divided nature of the Party and had decided that some steps must be taken toward a unification. As a result, a Communist leader from Cuba was sent to Venezuela to bring the groups together, and in June resolutions were adopted calling for unification. This was accomplished at the important Congress held in Caracas in November, 1946 which was attended by the United States Communist, Joseph Starobin, and was covered completely by the Bureau's representatives. (64-200-228)

In October 1945, SIS sources in Venezuela obtained information to the effect that a Venezuelan Communist named German Tortosa was a Russian agent. According to the report which was received from a reliable source, three prominent Communist leaders in Venezuela had privately stated that Tortosa was a Russian agent and that they themselves had seen his credentials which were signed by one "Yogoda" in 1934. It is interesting to note that Bureau records indicate that Yogoda, until 1934, was Vice Commissar of the OGPU, at which time he became Chief of the NKVD. (64-29358-21,?24)

From March, 194[illegible] to the close of Bureau operations, coverage was maintained over Xerzy Karzinsky, a former Soviet agent in Sweden, who was supposed to have been dispatched to the United States but jumped ship in Venezuela. No evidence of intelligence activities there was developed but arrangements were perfected to have the Bureau advised should he proceed to this country. (65-56653)

The Bureau's representatives in Caracas maintained unusually good informant coverage over Communist activities. As a result, they were able to keep the Embassy and the Bureau fully advised not only of the current developments in this field but also of what steps the Communist leaders expected to take. (64-200-228)

(2.) Soviet Diplomatic Activities. The Soviet Union was known to have thoroughly disliked and distrusted Romulo Betancourt, the President of the Revolutionary Junta in Venezuela, due to articles written by Betancourt against Soviet Russia, and due also to the arrests of Communists in Venezuela after the revolution of 1945. Bureau sources in Venezuela learned, however, in January, 1946, that despite this dislike, Russia would recognize the Venezuelan Government in February. The actual recognition occurred on February 21st and was said to have been due to Russia's desire to have as many Embassies in Latin America as possible and to the belief that it was necessary for them to counteract North American influence in Venezuela.

After the establishment of the Soviet Embassy in Venezuela, the office of the Legal Attache was very successful in following the activities of that Embassy and soon learned that the Embassy favored the Revolutionary

faction of the Communist Party in Venezuela and had begun to offer certain orientation and guidance to that faction.

It was also learned that the Embassy almost immediately planned to use members of the Revolutionary faction for the gathering of information of interest to Soviet Russia. The Embassy was reported to have adopted a plan to have "qualified persons" used in positions as newspaper correspondents throughout Venezuela for the Communist controlled newspaper "El Nacional". These persons, in addition to their regular newspaper duties, were to make available intelligence information concerning economic, political and social matters. Information was also developed to the effect that Victor Guerere (Anez), a member of the Revolutionary faction, was employed by the Soviet Embassy for the purpose of gathering information of an economic nature. Guerere was not paid directly by the Embassy but arrangements were made for his employment by the newspaper "El Nacional", and this newspaper was to pay him approximately $180.00 a month while the Unitarian Communist Party paid him $120.00 a month. A former Communist government worker was also said to be helping him in this work.

The Office of the Legal Attache also developed considerable information reflecting an intense interest on the part of the Soviet Embassy in Venezuelan oil. The Soviet Ambassador was a geologist and petroleum expert, having done research work and having taught at the University of Moscow. One source reported that in May the Second Secretary of the Soviet Embassy had approximately fifty different geological specimens in his office which were being carefully wrapped, presumably for shipment to Russia. Also in this office were twenty or twenty-five maps of Venezuela of different types. The aforementioned Victor Guerere was also reported to have stated that the Russians were anxious to obtain information of an economic, political and social nature, including statistics concerning the petroleum industry.

According to information obtained by the Bureau's representatives, the Soviet Embassy in Caracas was very security conscious. The source of this information advised that as a result of the disclosures made by Igor Guzenko regarding Soviet espionage in Canada, the Russian Embassy in Caracas established a 24 hour a day guard schedule and that Embassy employees were assigned turns at night duty. (64-211-228)

The Legal Attache's Office in Caracas maintained exceptionally good informant coverage of Soviet diplomatic activities. They were, therefore, able to keep the Ambassador and the Bureau fully advised of official Russian activities in Venezuela as well as of the close but discreet contacts between the Soviet Embassy and the Venezuelan Communists.

e. Political Affairs and Revolutionary Movements

The Venezuelan political situation was of great importance due to the trend of increasing Communist strength in Venezuela, the proximity of Venezuela to the Panama Canal Zone, and the large United States investments in oil and petroleum projects in that country. As has been previously pointed out, Venezuela was one of the few countries where the officials of the Embassy welcomed any reliable information which the Bureau's representatives obtained regarding the local political situation. Through some of their Communist informants and other sources of information the SIS Agents followed local political trends closely and were thus able to furnish the Embassy and the Bureau a clear picture of political events in Venezuela. (64-3901; 64-4464-281)

The most important political coverage maintained by the Legal Attache's Office was that of the revolutionary movements which constantly threatened the Venezuelan Government. The most important event in this field was the successful revolution of October, 1945.

The government of former President Isaias Medina (Angarita) was overthrown as a result of a military revolution that began in Caracas October 18, 1945 and ended on October 21, 1945. This revolution was planned and executed by a small number of minor ranking Army officers, all of whom were below the rank of Colonel. Immediately prior to the revolution these officers took certain leaders of the political party "Accion Democratica" (Democratic Action) into their confidence and divulged the revolutionary plans. The main cause of the revolution was reliably reported to be general dissatisfaction on the part of the younger Army officers concerning the graft and corruption in the Medina government. Many of them felt that the army should abstain from politics and that the president of the Republic should be a civilian. The rise in the cost of living and general economic maladjustment in Venezuela also formed a basis for this revolution.

The operational success of the revolution was attributed to the fact that the revolutionary plans of the army officers were a carefully guarded secret and that the Medina government apparently had no information regarding these plans. Also, the response of the civilian population to the call of the army leaders was immediate and this factor was important in the success of the revolution. (64-3901)

In covering the course of this revolution, the Bureau's representatives at times found it necessary to expose themselves to danger in order to obtain information. Their coverage of the progress of the revolution under these circumstances was the subject of a special letter of appreciation sent by the Ambassador to the Legal Attache. (64-4464-301)

The new government of Venezuela was headed by Romulo Betancourt, who as President of the Revolutionary Junta was able to maintain stability. The immediate recognition of the new Venezuelan Administration by the United States was an important factor in perpetuating the government.

On November 29, 1945, various Venezuelan politicians including General Eleazor Lopez Contreras and Isaias Medina were deported to the United States. Rumors of counterrevolutionary activity on the part of these persons were current. Investigation in the United States, however, failed to substantiate the allegations that Medina and Lopez Contreras were planning to resume control of the Venezuelan Government.

Despite the stability of the new Government, forces capable of causing serious political unrest in Venezuela still survived. While the deposed President Medina and former General Eleazor Lopez Contreras were in exile in the United States, there were many persons in Venezuela who were formerly connected with the Lopez Contreras and Medina Governments. The success or failure of the Betancourt Government depended largely upon the support of the Venezuelan Army, which was capable of overthrowing it if they became dissatisfied with its progress and activities. The rapid changes in official affairs and policies were closely followed by the Bureau's representative and reported to the various interested United States agencies. The political coverage achieved by the Office of the Legal Attache was indirectly of assistance in maintaining pleasant and efficient relations with Venezuela, due to the fact that the Embassy and the State Department were able to act on the basis of reliable information. (64-3901)

f. Informant Coverage

One of the most significant achievements of SIS in Venezuela was the development of an excellent group of informants and sources of information.

(1.) Oil Company Contacts. One of the groups of informants and sources of information consisted of [redacted] of the various oil companies. These informants and sources of information were developed by an undercover representative in the Standard Oil Company of Venezuela. One of the principal contacts was [redacted] (64-4123-521), who until late in [redacted] was [redacted] the Standard [redacted]mpany of Venezuela. Another valuable contact was [redacted] (64-4011-A-416), [redacted] the Lago Petroleum Company in Maracaibo. Through [redacted] and [redacted] as well as other sources of information and contacts, the Bureau's representative had made readily available to him a wealth of information pertaining to economic conditions and subversive activities contained in the files of the Standard Oil Company and its subsidiaries. (64-4011-A-416; 64-4123-521)

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[redacted]

An achievement of no little consequence by SIS in Venezuela accomplished through [redacted] was the procurement of copies of the Spanish Diplomatic Code and Cipher pads used by the Spanish Embassy in Caracas in communicating with the Spanish Foreign Office in Madrid and with the Spanish Embassies and Legations throughout the Western Hemisphere. In October, 1943, this was made available to the Bureau's Laboratory and was afterward utilized to considerable advantage in the decoding of Spanish diplomatic messages. (64-4985-3)

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(3.) Communist Coverage. SIS representatives in Caracas developed the confidential informant services of [redacted] a Cuban citizen of Spanish descent. He visited Spain frequently, once [redacted] attended [redacted] and resided in Venezuela after [redacted] where he won the confidence of Communist Party leaders. This reliable informant furnished considerable information of importance regarding Communist activities and Venezuelan politics, and penetrated into inter-Communist Party circles. As an example, during August, 1944, he was entrusted with a draft of an annual report prepared for the Communist Party of Venezuela by its Secretary General, Juan Baistista Fuenmayer, thus permitting SIS representatives to copy the report. (64-4123-228; 64-200-228)

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The Bureau was fortunate in securing the services of [redacted] as [redacted] a Communist and Soviet informant. This informant was given employment as [redacted] in Venezuela and was thus able to keep up with important developments. When the Bureau office in Caracas closed March 20, 1947, arrangements were made to transfer this informant to Mexico, where it was expected he might secure similar employment in the [redacted] (64-4123-228)

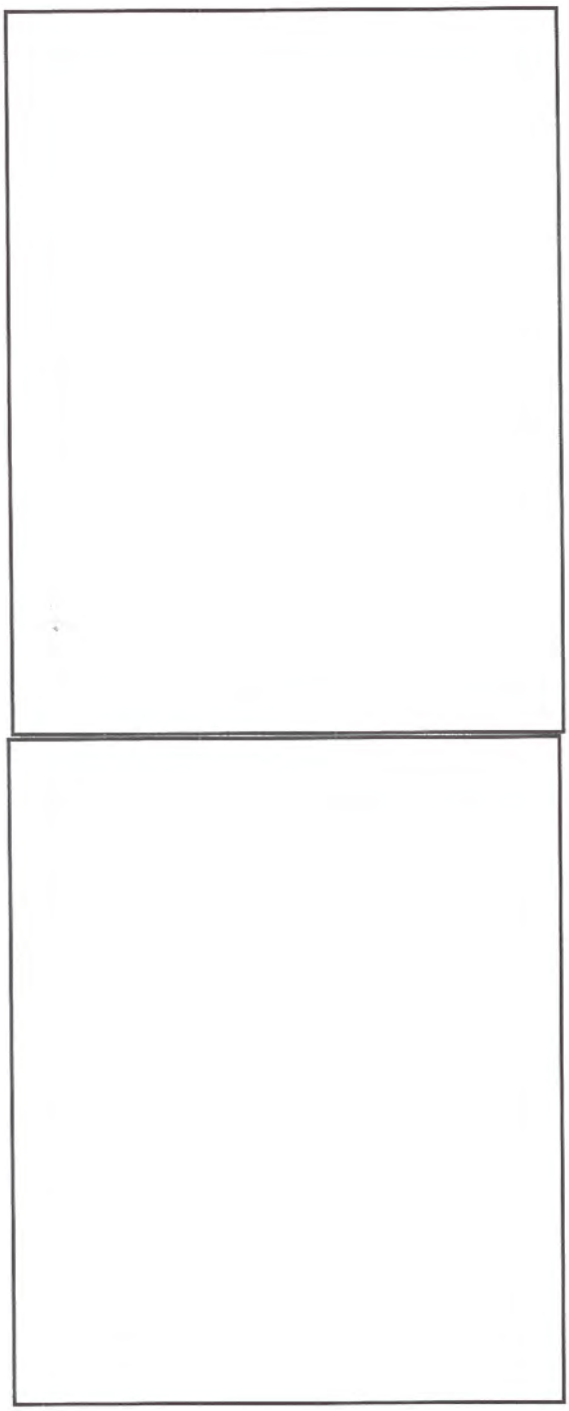
3. Personnel

The following Special Agents were assigned to SIS work in Venezuela:

NAME	SIS CITY	DATE	ASSIGNMENT
[redacted]	Caracas	4/43 - 6/46	Official
	Caracas	5/43 - 12/43	Official
	Caracas	1/43 - 1/44	Undercover
	Caracas	1/44 - 12/45	Legal Attache

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Ciudad Bolivar	2/43 - 12/44	Undercover
Caracas	5/41 - 8/42	Undercover
Carapito	12/42 - 10/43	Undercover
Caracas	1/44 - 1/46	Undercover
Caracas	5/42 - 1/43	Undercover
Caracas	6/43 - 11/43	Official
Caracas	4/43 - 12/43	Official
Caracas	7/42 - 12/43	Undercover
Caracas	1/46 - 3/47	Legal Attache
Maracaibo	5/45 - 4/46	Undercover
Maracaibo	7/42 - 12/43	Undercover
Caracas	2/43 - 2/44	Official
Maracaibo	2/43 - 12/43	Official
Caracas	5/43 - 8/43	Official
Caracas	5/43 - 1/44	Undercover
Maracaibo	7/41 - 3/42	Undercover
Maracaibo	5/43 - 12/43	Official
Caracas	6/42 - 2/43	Undercover
Caracas	10/40 - 4/41	Undercover
Caracas	6/44 - 2/45	Official
Caracas	1/46 - 3/47	Police Liaison
Caracas	5/43 - 12/43	Official
Caracas	3/44 - 12/44	Official
Maracaibo		
Caracas	5/43 - 11/43	Undercover
Caracas	5/43 - 12/43	Undercover
Maracaibo	5/43 - 7/43	Official
Caracas	7/43 - 1/44	Official
Caracas	7/43 - 12/43	Official
Caracas	5/43 - 3/44	Official
Caracas	8/45 - 12/45	Police Liaison
Caracas	9/41 - 10/43	Official
Caracas	9/43 - 12/43	Undercover
Caracas	3/44 - 11/45	Official
Caracas	5/42 - 12/43	Legal Attache
Maracaibo	4/42 - 9/42	Undercover
Maracaibo	1/43 - 1/44	Official
Carapito	2/43 - 2/44	Official
Caracas	1/46 - 10/46	Legal Attache
Caracas	4/46 - 10/46	Undercover
Caracas	6/44 - 10/44	Official
Caracas	12/43 - 3/44	Official
Maracaibo	7/43 - 5/44	Official
Caracas	6/43 - 12/43	Official
Caracas	1/44 - 5/46	Police Liaison
Caracas	8/43 - 5/44	Official

4. Bibliography

a. Principal Investigative Files

64-3900 General Miscellaneous File on Venezuela

64-3900-A General File on German Activities in Venezuela

64-3900-B General File on Japanese Activities in Venezuela

64-3900-C General File on Italian Activities in Venezuela

64-3900-D General File on Communist Activities in Venezuela

64-3900-E General File on Spanish Activities in Venezuela

64-3900-F General File on French Activities in Venezuela

64-3900-G General File on British Activities in Venezuela

64-3900-H General File on American Activities in Venezuela

64-3900-K General File on Swiss Activities in Venezuela

64-3900-N General File on Austrian Activities in Venezuela

64-3901 Political Matters in Venezuela

64-3902 Economic Matters in Venezuela

64-3902-E Spanish Economic Matters in Venezuela

64-3903 Social Matters in Venezuela

64-3904 General File on Foreign Agents in Venezuela

64-3904-A German Agents in Venezuela

64-3904-B Japanese Agents in Venezuela

64-3904-D Communist Agents in Venezuela

64-3904-E Spanish Agents in Venezuela

64-3904-F French Agents in Venezuela

64-3904-G British Agents in Venezuela

64-3904-H American Agents in Venezuela

64-3905 General File on Propaganda in Venezuela

64-3905-A German Propaganda in Venezuela

64-3905-B Japanese Propaganda in Venezuela

64-3905-C Italian Propaganda in Venezuela

64-3905-D Communist Propaganda in Venezuela

64-3905-E Spanish Propaganda in Venezuela

64-3905-F French Propaganda in Venezuela

64-3905-G British Propaganda in Venezuela

64-3905-H American Propaganda in Venezuela

64-3906 General File on Foreign Penetration in Venezuela

64-3906-A German Penetration in Venezuela

64-3906-B Japanese Penetration in Venezuela

64-3906-C Italian Penetration in Venezuela

64-3906-D Communist Penetration in Venezuela

64-3906-E Spanish Penetration in Venezuela

64-3906-F French Penetration in Venezuela

64-3906-G British Penetration in Venezuela

64-3906-L Swedish Penetration in Venezuela

64-3907 Sabotage in Venezuela

64-3907-A German Sabotage in Venezuela

64-3907-C Italian Sabotage in Venezuela

64-3907-D Communist Sabotage in Venezuela

64-3908 General File on Foreign Residents in Venezuela

64-3908-A German Residents in Venezuela

64-3908-B Japanese Residents in Venezuela

64-3908-C Italian Residents in Venezuela

64-3908-D Communist Residents in Venezuela

64-3908-E Spanish Residents in Venezuela

64-3908-F French Residents in Venezuela

64-3908-H American Residents in Venezuela

64-3908-I Hungarian Residents in Venezuela

64-3908-L Swedish Residents in Venezuela

64-3908-N Austrian Residents in Venezuela

64-3910 Military and Naval Matters in Venezuela

64-3911 General File on Foreign Firms in Venezuela

64-3911-A German Firms in Venezuela

64-3911-B Japanese Firms in Venezuela

64-3911-C Italian Firms in Venezuela

64-3911-E Spanish Firms in Venezuela

64-3911-F French Firms in Venezuela

64-3912 Radio Stations in Venezuela

64-3912-A German Radio Stations in Venezuela

64-3912-D Communist Radio Stations in Venezuela

64-3912-H American Radio Stations in Venezuela

64-3914 Submarine Activities Near Venezuela

64-3914-A German Submarine Activities Near Venezuela

64-3914-E Spanish Submarine Activities Near Venezuela

64-3916 Plant Surveys in Venezuela

64-200-228 The Communist Movement in Venezuela

64-211-228 Soviet Diplomatic Activities in Venezuela

100-341561-228 Labor Conditions in Venezuela

64-309-228 Smuggling Activities in Venezuela

b. Administrative Files

64-4464 Office Administrative File for Legal Attache's Office, Caracas, Venezuela

64-4984-228 Office Monthly Reports for Legal Attache's Office, Caracas, Venezuela

64-4795 Living Conditions in Venezuela

67-383719 Office Personnel File filed under caption "Embassy, Caracas, Venezuela." The Inspection Reports in this Office are filed separately.

64-29833-228 Police Matters in Venezuela

64-4123-228 Informant File for Venezuela

c. Monographs

"Totalitarian Activities in Venezuela Today" General monograph covering various phases of the Bureau's work in Venezuela. Published March, 1943; 198 pages.

"SIS Office, Caracas, Venezuela" Photographic reproductions of the Legal Attache's Office and facilities in Caracas.

"The Communist Movement in Latin America" General monograph covering Communism on a hemispheric basis, pages 129 to 131 refer to Communist movement in Venezuela. Published in June, 1946.

"Japanese in Latin America" pages 76 to 79 refer to Japanese in Venezuela. Printed in November, 1945.

VI. COMMENTS OF OTHER GOVERNMENTAL AGENCIES AND OTHER OUTSIDE SOURCES

A. Remarks Regarding SIS Operations and Personnel

The Bureau during the years of SIS received from Ambassadors, State Department Officials, Heads of other Government Agencies, the Army and the Navy, and others hundreds of letters and comments commending highly the work of the Bureau in its SIS Field and the individual accomplishments of SIS men assigned to the field. There are set forth below a number of these commendatory comments.

1. State Department Officials

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The American Ambassadors' and the State Department Officials' comments demonstraded the value of the SIS program in Latin America. Mr. Philip Bonsal, Chief of the Latin American Division of the State Department, in a conversation with Special Agent [redacted] in La Paz, Bolivia, on January 8, 1943, stated, "When your organization first became connected with the State Department in sending its Agents to the Embassies in South America, I was very dubious regarding the manner in which personnel would be selected in connected with this project, as well as the likelihood of its succeeding. Our principal job in this section is not to determine what shall be done, but rather to prevent projects which we do not consider feasible and worth while, and I can frankly say that I was very much in doubt regarding the future of your organization in intelligence work. I do not mind admitting when I am wrong, however, and I would like to tell you I have been astonished at the remarkable way in which personnel has been selected for this type of work and the success with which it has been carried out."

Mr. Edward R. Stettinius, Jr., then Acting Secretary of State, by letter of March 3, 1944, congratulated the Director on the fine work of the FBI and termed the results of the FBI's work as most gratifying. In subsequent communications, Mr. Stettinius has not only expressed his personal appreciation for information furnished by the Bureau's SIS Division regarding clandestine radio stations in Latin America, but has stated that he regarded the development of an appointment of a Legal Attache in the American Embassy at Madrid as being expected to be of great assistance to the Government.

Secretary of State, E. R. Stettinius, Jr., in a letter to the Director, dated March 14, 1945, stated as follows: "I want to send you this personal word to tell you how much I appreciated the outstanding service rendered to me and my party by Mr. Tamm and his associates while we were in Mexico.....I do want you to know how valuable I considered his assignment, and how much it meant to me to have him there."

Mr. Berle commented in August, 1943, that when the history of this era was written it would be very kind to Mr. Hoover for his able direction of the forces combating espionage, sabotage, and internal disorder. Mr. Berle expressed his particular satisfaction with the harmonious relationship between the FBI and the State Department. On February 1, 1944, Mr. Berle, referring to a memorandum furnished to the State Department entitled "Axis Agents in Argentina," expressed his appreciation on behalf of the State Department for the expeditious service rendered in compiling the data, and stated that the memorandum revealed an alarming situation in Argentina.

Other similar expressions of esteem have been received from former Assistant Secretary of State Adolf A. Berle, such as his commendation of the work of Special Agent [redacted] as [redacted] at Barranquilla, Colombia, and in transmitting the commendation of American Ambassador to Chile, Claude Bowers, of the work at that point on the German clandestine radio case PQZ conducted by Special Agents [redacted] and [redacted] b7C

Nelson Rockefeller, Assistant Secretary of State, in a letter to the Director dated March 13, 1945, stated that the Conference in Mexico City ran off very smoothly and the outcome was most satisfactory from all points of view. He further stated that one of the most important contributing factors to the efficiency of the operation and the effectiveness of the result was the cooperation received from the Director and the FBI. In this connection he extended thanks to Mr. Tamm and his people in Mexico City who were at all times in complete touch with all developments. He said in part that there could not have been a more effective proof of the efficiency of the organization which the FBI has developed in such a short time throughout the Americas. Further, that on behalf of the Department he would like to express not only their admiration but also their very deep appreciation.

Nelson A. Rockefeller, Assistant Secretary of State, in a letter to the Director dated July 4, 1945, stated that he had returned to Washington on Monday from the San Francisco Conference and wanted to take the opportunity to express his personal appreciation for the extremely effective cooperation and assistant received from Mr. [redacted] and members of his staff in San Francisco. He stated that the information which they made available was most useful and in one case particularly prevented the development of a very serious situation which might have had extremely unfortunate repercussions on the outcome of the Conference. b7C

Joseph C. Grew, former Undersecretary of State, in a letter to the Director dated September 5, 1945, stated that the cooperation of the Federal Bureau of Investigation had been the greatest help to the Department of State during his term of office and that he has enjoyed and greatly profited from his contacts with the Director and his able assistants during the past momentous years. Grew further stated that he wished, as always,

for the Director's continued success in the great protective and constructive work the Bureau has done and is doing for the nation.

In a letter dated August 28, 1944, Mr. E. H. Stettinius, b7C , then Undersecretary of State, expressed his appreciation to the Director for a copy of an interview with [redacted] which he termed as "most interesting."

In a letter dated August 16, 1944, Mr. E. H. Stettinius, Jr., then Undersecretary of State, advised the Director that he appreciated very much the Bureau's calling to his attention the Soviet's proposition to the Government of Colombia regarding irrigation products. Mr. Stettinius stated that he would make this information available immediately to the proper officials of the State Department.

Avil M. Warren, Adviser to the United States Delegation at the United Nations Conference on International Organization, in a letter to the Director dated June 26, 1945, expressed his appreciation to the Director for detailing him two special assistants to cover various committees of the Conference. Mr. Warren added that the reports he received were excellent and the work outstanding as compared to the work of Army and Navy Officers assigned to him in a similar capacity.

a. Argentina

Norman Armour, American Ambassador in Buenos Aires, in a letter to Adolf A. Berle, Assistant Secretary of State, dated January 5, 1943, stated that he had never thanked Mr. Berle sufficiently for the assistance given in building up the Embassy's investigative unit. Mr. Armour pointed out that the assignment of the FBI men had aided the work there immeasurably. He also pointed out the extremely cooperative spirit of the Legal Attache and his assistants, and expressed the wish that the assignments there be continued at least for the duration of the war.

Jack D. Neal, Assistant Chief, Division of Foreign Activity Correlation, Department of State, transmitted to the Bureau a copy of Despatch No. 1947 dated February 2, 1946, addressed to the Secretary of State from the Ambassador, Buenos Aires, Argentina. The dispatch informed the Department of the valuable work done by the Office of the Legal Attache in connection with the obtaining of and identification of photographs of presidential candidate Peron and Rudolf Freude, son of the notorious Ludwig Freude, Fl. It was further stated that the work of identification required considerable effort and igenuity and the Ambassador believed that this fact should not escape the Department's attention.

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Mr. Clifton P. English of the State Department advised Special Agent [redacted] on October 3, 1944, that Mr. Norman Armour, the former American Ambassador to Argentina who was then head of the American Republics Affairs Section of the State Department, had highly complimented the work of the Bureau with regard to the investigation of the HDZ German clandestine radio case. He stated that the information developed through decodes of the messages transmitted by Germany had been of the utmost value to the State Department in determining its policy towards Argentina. (Paraphrases of the decodes were very confidentially furnished by the Bureau to Mr. Berle.)

b. Bolivia

Ambassador Pierre Boal on his departure from Bolivia on February 4, 1944, advised the Legal Attache that he was extremely pleased at the fine work accomplished by the Bureau's representatives, and that the cooperation given was very satisfactory.

Walter Thurston, United States Ambassador to Bolivia, in a dispatch to the Secretary of State dated June 28, 1945, stated in part to the effect that he did concur in Legal Attache WILLIAM H. NICHOLS estimate of his personnel requirements and that moreover the service constantly and efficiently rendered by the Office of the Legal Attache to the Mission proper, as well as to other United States Government agencies operating in Bolivia, has been of the greatest value and promises to continue to be necessary for the immediately foreseeable future. He stated that the Office of the Legal Attache is frequently called upon to confer with Bolivian Officials and to collaborate with them with the representatives of the Rubber Development Corporation regarding rubber smuggling activities. It also, through its wide contacts, has access to information regarding political developments which would not otherwise readily come into the possession of the Embassy. He further stated that the Office of the Legal Attache has been requested, on more than one occasion, to conduct special investigations regarding situations of immediate and important interest to other United States Government Agencies operating in Bolivia, such as the Foreign Economic Administration.

Mr. Fletcher Warren of the State Department advised on February 26, 1942, that a cable had been received from the Charge d'Affaires, La Paz, Bolivia, stating that Special Agent [redacted] (SIS Legal Attache) was obviously qualified for his assignment.

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c. Brazil

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Mr. Jefferson Caffery, American Ambassador in Rio de Janeiro, in a dispatch dated March 28, 1942, stated that he desired the FBI be advised that he highly and especially commends Mr. [redacted] (SIS Legal Attache) for Mr. [redacted] successful work in connection with a round-up of German agents in Brazil

who were operating clandestine radio stations. Mr. Adolf A. Berle, Jr., in a letter dated April 10, 1942, also personally commended [redacted] in connection with this work.

Herman B. Baruch, newly appointed United States Ambassador to Portugal, by letter to the Director dated February 16, 1945, stated that he had very vivid recollections of the services rendered by the Rio de Janeiro Office, especially by Agent [redacted] (former [redacted] at Rio de Janeiro). He stated that every contact he ever had with the Bureau has not only been satisfactory but extremely helpful and that he was sure that the Bureau Agents at his new post would prove extremely helpful to him. b7C

In a letter to the Director dated December 17, 1945, Mr. Frederick B. Lyon, of the State Department, commended the fine work of the Legal Attache at Rio de Janeiro, Brazil, and transmitted a dispatch from Vinton Chapin of the Embassy at that city stating that Police Liaison Agent [redacted] has shown a high degree of tact in carrying out his duties, thus improving his scope of usefulness to the Embassy as well as to the effectiveness of the administration with which he is more immediately connected. b7C

By letter dated June 17, 1946, Acting Legal Attache Sam J. Papich at Rio de Janeiro, Brazil advised that Mr. Vinton Chapin, First Secretary of the American Embassy at Rio recently made a trip to Porto Alegre, Brazil and upon his return highly complimented the work of Special Agent James L. Byrd who is engaged in police liaison. Mr. Chapin declared that, [redacted] is more baluable to us in Porto Alegre than the Consul, Mr. Castleman." b7C

On July 21, 1944, Mr. Donald Bloomingdale, at the time Second Secretary of the American Embassy in Rio de Janeiro, Brazil, called at the New York Field Office and advised Special Agent in Charge E. E. Conroy that during the time he was attached to the Embassy in Rio de Janeiro he had come in contact with many Bureau Agents whom he had always found to be most efficient and likable individuals.

Randolph A. Kidder, American Consul at Belem, Brazil, in a dispatch to the State Department dated December 13, 1944, stated that he felt he should call to the Department's attention for possible transmittal to Special Agent [redacted] supervisors, his appreciation for the very real assistance which Mr. [redacted] had given his office. Mr. [redacted] made himself an integral part of the office, voluntarily doing a great many small but necessary jobs outside the line of his own duties. He was at all times helpful and cooperative. He made an excellent reputation for himself in both American and Brazilian circles in Belem.

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Harold Sims, American Vice Consul at Natal, Brazil, in a dispatch to the Secretary of State dated April 23, 1945, stated he should like to appraise the Department of the capable and efficient manner in which Mr. [redacted] of the FBI has conducted his duties in Natal.....he further stated that [redacted] demonstrated exceptional ability and the degree of his success is attested to by both our own and the Brazilian authorities.... his knowledge of Brazil, the modes and manners of the people, and his facility with the language, are truly outstanding achievements, and he is regarded by all who know him as a most capable Government official.

Mr. Cecil N. P. Cross, American Consul General, Sao Paulo, Brazil, in a letter addressed to the American Ambassador, Rio de Janeiro, Brazil, dated November 17, 1942, requested the assignment of two additional FBI Agents to his Consulate, stating that the services of the representatives already there (Special Agents [redacted] have proved very helpful. He stated, "They have successfully adapted themselves to local conditions, are achieving excellent results, and are highly regarded by the Superintendent of the Sao Paulo Political Police who has welcomed their cooperation. b7C

Mr. Vinton Chapin, First Secretary of the United States Embassy at Rio de Janeiro, Brazil, in conversation with Legal Attache Heber M. Clegg in July, 1945, advised that he had attended the United Nations Conference on International Organization at San Francisco. Mr. Chapin commented very favorably upon the work which the Bureau did at the Conference. He advised that the efficiency with which the problems were attacked as compared with the manner in which the United States Secret Service handled the security matters was most noticeable.

Jesse M. Orme, American Vice Consul at Curitiba, Brazil, in a letter to Charge d'Affaires of the Embassy at Rio de Janeiro, Brazil, dated January 5, 1945, stated that Special Agent [redacted] as [redacted], was very helpful in the execution of the duties at that post. He stated that it was further felt that he had done an excellent job in the surveillance and investigation of all phases of subversive and political activities in Parana.....and it seems appropriate acknowledgment should be made of the splendid cooperation he has lent to this office. b7C

d. Chile

A letter dated November 5, 1942, from Mr. Adolf A. Berle, Jr., transmitted a dispatch from Ambassador Bowers in Chile in which the Ambassador stated, in connection with the arrests and round-ups of German Agents, "Accomplishments so far are largely due to the efficient assistance rendered

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by Mr. [redacted] (SIS Legal Attache) and his organization here." Previously Mr. Bowers had furnished a dispatch by letter dated July 31, 1942, in which Mr. Bowers advised, "I take this occasion to speak in high praise of Mr [redacted] work, of his excellent personality and cooperation with the Embassy. He had to build an organization from the ground up but his organization is also functioning effectively and thanks to him we finally possess usable proof of subversive activity not only by private individuals but by members of the German Embassy itself."

United States Ambassador to Chile, Claude G. Bowers, in a letter to the Director dated June 15, 1945, stated that it was a real pleasure to transmit a letter from the Secretary General of Investigations in Santiago, Chile, expressing appreciation for the services of Special Agent [redacted] and Special Agent [redacted]. In this connection Bowers wrote to the Director as follows: "Let me congratulate you on your eminent success in finding such a splendid group of young men for your work in this region. They are Americans of whom we can feel justly proud, and in their tact and diplomacy, they set an example for many of the men in our regular Diplomatic Service." b7C

Mr. G. Howland Shaw, former Assistant Secretary of State, in a letter to the Director dated July 20, 1944, stated that he had read the report submitted by Special Agent Heber M. Clegg concerning the First Pan American Congress of Criminology held at Santiago, Chile. He stated that the report was indeed interesting and that he was taking the liberty of making it available to the officers of the State Department who were also interested in it. He went on to say that he felt sure that the representatives of the FBI who attended the Congress made a very valuable contribution to the discussion and that the State Department indeed appreciated the Bureau's making these Agents available to serve as delegates to the Congress.

e. Colombia b7C

American Ambassador at Bogota, Colombia, John C. Wiley, in a letter to the Director dated December 18, 1944, stated that Mr. [redacted] of the Embassy who has been acting as [redacted], was most commendatory concerning the work of Legal Attache DONALD B. CLEGG. Mr. [redacted] stated that CLEGG has been most helpful and cooperative during his tour of duty in Bogota and carried out his delicate functions most efficiently and with great tact and discretion. Ambassador Wiley stated it was most important from the standpoint of general relations with Colombia for work of this type to be performed in such a way as to avoid friction or disagreement with foreign officials and without attracting too much public attention. Further, that this difficult task has been accomplished most successfully by Mr. Clegg.

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The work of the Office of the Legal Attache was considered so important to former United States Ambassador to Colombia Arthur Bliss Lane that at the time Colombia declared a state of belligerency with the Axis, Mr. Lane, in conjunction with General Brett and Admiral Train, representing the Caribbean Command of both Army and Navy Intelligence, telephonically requested the State Department to request the Bureau to cancel the transfer from Colombia of Special Agents [redacted] and [redacted] Mr. Lane had repeatedly pointed out the importance of the Bureau's Legal Attache assignments in Colombia and had turned over control of the very important problem of platinum smuggling, of which Colombia's being a producer was a direct cause, to our Bureau SIS personnel.

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John C. Wiley, United States Ambassador to Colombia, in a conversation with [redacted] on September 14, 1945, stated that he intends to be in Washington in November and certainly will "put his oar in" for the FBI in connection with postwar intelligence operations. The Ambassador added that in his opinion OSS, as such, is not suited for world-wide peacetime intelligence, although their research group should be retained in some form if possible. The Ambassador added that policy makers in the State Department undoubtedly have no time to read the voluminous but "magnificent" reports of the Legal Attaches on such matters as Communism and therefore probably are not aware of the usefulness of and need for FBI in foreign intelligence.

Mr. Arthur Bliss Lane in a letter dated November 12, 1942, stated that he had formed an excellent impression of Mr. [redacted] "who is collaborating closely and most conscientiously with the Embassy."

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United States Ambassador to Colombia, John C. Wiley, advised the Legal Attache at Bogota, Colombia, on March 13, 1945, that he was extremely pleased with the advance information with which the Office of the Legal Attache was in a position to furnish him regarding the existence of a revolutionary plot in Colombia. He at the same time dispatched a cablegram to the Secretary of State in which he stated he would be obliged if the Department would convey to J. Edgar Hoover his appreciation of the excellent services of the Legal Attache, especially in connection with subversive political movements in Colombia.

Frederick B. Lyon, Chief, Division of Foreign Activity Correlation of the Department of State, by letter dated November 24, 1944, stated, "I should like to thank you for your letter of November 18th which outlined the accomplishments of the five Special Agents of the FBI in breaking up the platinum smuggling rings in Colombia. The Department offers its hearty congratulations and sincere thanks for this very effective job which militarily was an important contribution to the Allied war effort and politically was probably of even greater importance."

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Mr. [redacted] a [redacted] State Department Representative working on the State Department [redacted] at Bogota, Colombia, in July 1945, stated that he had been quite impressed on his trip through the Latin Americas to note that the Legal Attache Offices in a good many instances were much more conversant and apparently much more active in the investigation of [redacted] than the Embassy itself. He was of the opinion that the Legal Attache offices were doing an extremely good job in the investigation of this matter.

In connection with the conduct of a police school in Medellin, Colombia, by Special Agent [redacted], the Vice Consul in Charge of the American Consulate at Medellin, Mr. James S. Triolo, sent a dispatch to the State Department which read in part as follows: "Undoubtedly the most valuable result of the course was the immeasurable amount of good will which [redacted] left among departmental, municipal and police authorities. In several years in the American Republics, the undersigned has never observed an American who captured in so short a time the respect, admiration and friendship of Latin Americans as thoroughly as Special Agent [redacted]. His friendly, informal personal manner of lecturing and his ability to identify himself with the local group by speaking constantly in the first person plural made it possible for him, not only to firmly impress the subject material upon the minds of his listeners, but, more important, to leave them with a sincere desire to improve their own facilities and methods, a respect and admiration for the United States in general and the FBI in particular, and a strong feeling of friendliness and comradeship for Agent [redacted] whom they will long and affectionately remember as [redacted]."

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f. Cuba

Ambassador Spruille Braden, Cuba, stated to the SIS Legal Attache in Cuba that, in connection with the visit of General Benitez, Cuban Police Chief, to the United States, the entire program was excellently handled by the Bureau representatives and that the Director and the Federal Bureau of Investigation were to be congratulated. Mr. Braden advised Special Agent [redacted] on December 9, 1942, that in the course of a conversation with Attorney General Biddle he had informed Mr. Biddle that he, the Ambassador, was highly pleased with the present Bureau personnel and operations in Cuba.

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Ambassador Spruille Braden of Cuba advised Mr. E. A. Tamm in a conversation on November 14, 1943, that he desired that the Director be advised of his deep and sincere appreciation of the fine assistance which had been rendered him by Special Agents of the Bureau in Cuba.

On September 25, 1944, Mr. G. G. Ackerson, First Secretary of the American Embassy in Havana prior to departing for a conference in Washington,

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stated to [redacted] Legal Attache in Havana, that it was his hope, speaking as an American not as a State Department official, that the FBI would remain in the foreign field after the war. It was Mr. Ackerson's opinion that there definitely is a need for the FBI abroad. He recognized the importance of having at least one FBI man in each country to keep alive sources of information developed over the past four years.

g. Dominican Republic

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J. F. McGurk, United States Ambassador to the Dominican Republic, in a letter to the Director, dated February 16, 1945, stated that it has been a pleasure to work with members of the Bureau in various posts where he had served in the Americas. He said he recalled with real pleasure his association with Mr. HEBER CLEGG and [redacted] in the foreign fields and was looking forward to similar association with Legal Attache [redacted] at his new post.

h. Ecuador

The United States Ambassador to Ecuador, R. M. Scott, in a dispatch to the State Department dated December 29, 1944, stated that Special Agent [redacted] while assigned as [redacted] in Quito, Ecuador made an excellent record, and the contacts and good will which his activities established with key officials of the Ministry of Government and the police were of very considerable value to the Embassy in securing the cooperation of those Authorities in matters of hemispheric defense and security. Further, that his work was greatly appreciated by the Ecuadoran Government. Mr. Scott in further commendation of [redacted] stated that his knowledge of local problems and personalities, his understanding of Ecuadoran psychology, his fluent command of the Spanish language and his tact, as demonstrated by his ability to work harmoniously with both the Arroyo del Rio and the Velasco Ibarra Governments, make him eminently suited for the (proposed) assignment, and at the same time would render it difficult to replace him satisfactorily.

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Mr. Avra Warren, Chief of the Visa Division, Department of State, after returning from a trip to South America, stated on May 20, 1942, that Special Agent [redacted] (SIS Legal Attache) did an excellent job in Ecuador, that he had skillfully and effectively handled the extremely troublesome alien situation, and that through [redacted] work Japanese aliens had been immediately expelled and the German agents had been interned or immobilized. Mr. Fletcher Warren of the State Department on January 26, 1942, stated that he had received information from the American Embassy in Ecuador that [redacted] is exceedingly well liked and was doing an excellent job in connection with his assignment. He also stated that [redacted] had entrenched himself strongly with the Ecuadorean police and the President of Ecuador.

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i. Guatemala b7C

Mr. Boaz Long, United States Ambassador in Guatemala City, in a dispatch to the State Department dated August 11, 1943, commended Legal Attache [redacted] and stated that he had been most cooperative and had been unusually successful in establishing close liaison with the National Police.

j. Mexico

Ambassador George S. Messersmith of Mexico advised SAC Jerome Doyle in September, 1943, that he had absolutely no criticism of the work of the Civil Attache's office (the Bureau office) and that the men working out of that office were well chosen and well trained.

George S. Messersmith, United States Ambassador to Mexico, in a dispatch to the State Department dated November 28, 1944, stated that during the time Special Agent [redacted] had been acting as Civil Attache at the Embassy he had performed his duties in a completely satisfactory manner. He further stated that during the time [redacted] was in charge the Office continued its active collaboration with the Embassy in a satisfactory manner and the Embassy regretted [redacted] departure from the Mexico City post.

United States Ambassador to Mexico, George S. Messersmith, in a dispatch to the Secretary of State dated June 11, 1945, stated that as the Department was aware, he had great regard for the capacities of [redacted], who is assigned as Civil Attache to the Embassy. He stated that [redacted] has organized the work of the Office of the Civil Attache on a very sound basis.

Newly-appointed Ambassador to Mexico, Walter Thurston, in a letter to the Director dated June 17, 1946, expressing appreciation for the Director's letter of congratulations upon assignment to his new post stated that he had visited the offices of the FBI representatives in the Embassy at Mexico City and was happy to say that he found in them the same alert and cooperative men whom he had come to expect in our Service. He expressed further assurances of his admiration for the vitally important work which is being done by the Director and the Bureau.

Stephen C. Worster, American Vice Consul at Merida, Mexico, in a letter to Special Agent [redacted] dated April 10, 1945, stated as follows: "For some reason we enjoy working for you people more than for any other Department. I guess we admire your efficiency and A-1 representatives."

George S. Messersmith, United States Ambassador to Mexico, in a letter to the Civil Attache at Mexico City, dated February 19, 1945, stated that he had received the memorandum of February 18th, giving him certain

information with regard to the Inter-American Conference and with particular reference to certain persons who are endeavoring to have themselves designated as members of the security squads in connection with the Conference. He stated that he appreciated very much the receipt of this information.

George S. Messersmith, American Ambassador in Mexico, in memoranda dated September 13, 1942, and October 6, 1942, stated, "I think [redacted], SIS representative in the Embassy) is deserving of commendation from his Bureau for his effective collaboration with Mexican authorities in this matter." The matter at hand was the identification of an individual as one Claude English who wrote letters attacking the United States and Mexico. b7C

k. Nicaragua

The United States Ambassador at Managua, Nicaragua, James E. Stewart, in a dispatch to the Secretary of State dated December 29, 1944, a copy of which was transmitted to the Bureau by the State Department, stated that during the several months Legal Attache [redacted] served in the Embassy at Managua he displayed the highest degree of cooperation and demonstrated great effectiveness in performance of his duties. In addition, [redacted] by his pleasing personality and unassuming manner, commended himself personally to the Embassy Staff, and to a large number of Nicaraguan and foreign residents who will regret his departure.

In a letter of November 21, 1942, Pierre de L. Boal, Ambassador in Bolivia, stated concerning Special Agent [redacted], who had been sent to Nicaragua to assist Nicaraguan authorities, "Up to the time I left there he was doing an outstanding piece of work and had become extremely friendly with the President and those around him and was keeping close and very useful contact with all the undercover developments in Nicaragua.

l. Panama

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Charge d'Affaires, W. J. Donnelly, of the American Embassy in Panama, in a memorandum to Legal Attache [redacted] stated that he desired to thank Mr. [redacted] and his staff for the excellent cooperation with the Embassy in analyzing the archives and preparing the final report of the German Archives of Panama. He ventured to say that it was the most complete and useful report prepared by any Embassy in the hemisphere and that the work would not have been possible without the cooperation of Mr. [redacted], Special Agent [redacted] Miss [redacted] and Miss [redacted]. Further, that he wished to convey to them the thanks of the Embassy for their cooperation.

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m. Paraguay

Ambassador Wesley Frost, at Asuncion, Paraguay, in a letter to the State Department on January 2, 1943, stated that the Embassy had benefitted distinctly by the presence of Legal Attache [redacted] b7C He also commented that [redacted] was to be highly commended for the action of the Paraguayan Government in appointing interventors in German and Italian organizations, indicating that [redacted] had brought this about.

On January 19, 1944, Mr. Adolf A. Berle advised that he had received a dispatch from the American Ambassador in Asuncion, Paraguay, outlining the steps that had been taken by the Paraguayan Government to control subversive activities in Paraguay, and Ambassador Frost stated, "It may fairly be said that [redacted] (Legal Attache) has contributed more largely than any other official of the Embassy towards these results." b7C

By radiogram dated June 10, 1946, Legal Attache [redacted] at Asuncion, Paraguay, advised that Ambassador Beaulac personally expressed his thanks to the entire office not only for accurately reporting the happenings concerning the uprising at Campo Grande, Paraguay, but for giving him information on what was going to happen. b7C

By letter dated June 26, 1946, Mr. Frederick B. Lyon of the Department of State wrote to the Director enclosing a copy of Dispatch No. 1804 from the American Embassy at Asuncion, Paraguay, dated June 12, 1946. The subject of the Dispatch was: "Commending Embassy Officers for Intelligence Work". The Dispatch was written in connection with internal political situation and particularly the abortive rebellion of the Commander of the First Cavalry Division near Asuncion, Colonel Victoriano Benitez Vera.

In the above Dispatch Ambassador Willard L. Beaulac wrote as follows: "Prior, during, and after the abortive rebellion I was kept closely informed concerning the situation by members of my staff, particularly the Legal Attache, Mr. [redacted] who was assisted by the members of his office and by Mr. [redacted] the local Police Department; by the Assistant Military Attache to the Embassy, Captain ANDREW R. DUVALL, Jr.; and by the Embassy's Information Officer, Mr. JOHN M. WEBBER. It is a pleasure to commend these efficient officers." b7C

n. Peru

In a dispatch from the American Ambassador in Peru, dated July 24, 1941, it was stated in connection with the assignment of Special Agent H. R. Clegg to the Embassy in Peru for special work, "Mr. Clegg did excellent work during the two months he was at the Embassy, and it is regretted that his services are required elsewhere."

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In a special dispatch from the American Embassy in Lima, Peru, the Ambassador set out at length comments made by an Aprista leader, Maya de la Torre, pertaining to the political situation in Peru. In this dispatch it was noted that the Ambassador stated, "Practically all of the information heretofore reported by the Legal Attache regarding Aprista views and actions was confirmed by [redacted]. It may be accepted that the sources of the Legal Attache are very reliable."

o. Venezuela b7C

United States Ambassador to Venezuela, Mr. Frank P. Corrigan, in a conversation with Legal Attache [redacted] and Special Agent [redacted], on September 5, 1945, stated that it seemed logical to him that the Bureau should be encharged with world-wide intelligence coverage during the postwar period. Ambassador Corrigan added that he "would certainly go to bat" for and do anything in his power to see that the Bureau was assigned the duty of establishing a world-wide intelligence network.

Frank P. Corrigan, United States Ambassador to Venezuela, in a letter to the Legal Attache at Caracas dated November 7, 1945, stated that he wished to place on record his personal and official appreciation of the splendid cooperation which the Legal Attache and members of his Staff gave to the Embassy during the recent revolution. He further stated that the information which the Legal Attache and members of his Staff obtained, sometimes under conditions of danger, were an important part of the team work with which the Embassy Staff as a whole met the situation.

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Joseph Flack, First Secretary of the American Embassy at Caracas, Venezuela, in a conversation with Legal Attache [redacted] on December 4, 1944, stated that the only reliable information received by the Embassy with regard to the unsuccessful coup d'etat in Venezuela on November 12, 1944, had been furnished by the Office of the Legal Attache.

Joseph Flack, Charge d'Affaires of the United States Embassy in Caracas, Venezuela, in a conversation with Legal Attache [redacted] on June 18, 1945, stated that he looked upon the Office of the Legal Attache as a permanent department of the Embassy. He added that this office is accepted as an integral and valuable part of the Embassy. He pointed out that in his opinion the work being done by the Office of the Legal Attache now and in the future is a great deal more important than that being done by the Military and Naval Attaches. b7C

Joseph Flack, Counselor of the American Embassy at Caracas, Venezuela, on August 13, 1945, just prior to his leaving on transfer from Caracas, stated to the Legal Attache at Caracas that in his opinion the

representatives in the Legal Attache's Office are all of a very high type and reflect credit on the Bureau. He went on to say that he hoped the American Government would not make the same mistake in the future that it did after the last war in not maintaining a first class intelligence service. He stated that in his opinion the Bureau was the only Government Agency with properly trained personnel to handle intelligence. Mr. Flack added that he would do everything in his power to see that the Bureau remained in countries outside the United States after the war.

p. Great Britain

United States Ambassador to Great Britain, John G. Winant, in a conference with Special Agent [redacted], on September 25, 1944, stated that the Office of the Legal Attache in London had furnished the Embassy with a tremendous amount of information and that the personnel attached to that office had conducted itself with admirable tact and restraint.

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q. Italy

United States Consul General Huddleston of the American Embassy in Rome, Italy, in a conference with Special Agent [redacted] on April 27, 1945, displayed to the Agent a letter which he had written to the Secretary of State commending the FBI representatives in Rome on the splendid cooperation which they had furnished to the Embassy.

Byron B. Snyder, Third Secretary of the American Embassy in Rome, Italy, in a conversation with Special Agent [redacted] on April 5, 1945, stated that Ambassador Alexander Kirk, Consul General Huddleston and he have been very much impressed with the thoroughness and tact with which the cases assigned to the Rome Office by the Consulate had been handled. He stated that the report on Countess Catherine Stark Cittadini was a particularly good piece of work. He added that Mr. Huddleston and he had formerly assigned such work to the Office of Strategic Services but had switched to the Rome Office of the Bureau because the O.S.S. work had not been sufficiently thorough either because of lack of experience or because they were overburdened with other work.

r. Polish Government in Exile

Arthur Bliss Lane, United States Ambassador to the Polish Government in Exile and former United States Ambassador to Colombia, in a letter to the Director dated December 12, 1944, stated as follows: "I am very grateful to you for your letter of December 6, 1944, transmitting the very valuable information regarding leading members of Polish factions on this Continent.

"I assure you that it is most helpful to me to have this information, and I am very grateful to you for making it available."

s. Portugal

Herman B. Baruch, American Ambassador to Portugal, in a dispatch to the Secretary of State dated November 16, 1945, stated that [redacted] of the FBI who has been Legal Attache in the Embassy for the past two years is now relinquishing his duties and returning to Washington. Mr. Baruch stated that since his incumbency at his Post in Lisbon, Mr. [redacted] had served well and faithfully and was deserving of commendation to the Department. He advised that [redacted] had conducted a number of delicate and important investigations with skill, efficiency and entire loyalty.

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2. Army

Dwight D. Eisenhower, Supreme Commander of the Allied Expeditionary Force, in a letter to Special Agent [redacted], dated May 10, 1945, stated: "I am truly grateful for all the trouble you have taken to provide me details of information respecting the Gerow case.....I shall send your report on to General Gerow who will thank you as earnestly as I do."

During an interview with Major General Ralph Smith, Military Attache to the American Embassy, Paris, France, a Special Agent of the Bureau [redacted] was advised on April 3, 1945, that in the opinion of General Smith there was a tremendous amount of valuable liaison work which could be done by Bureau representatives in Europe and that in so far as he was concerned the greater number of Bureau Agents there were in Europe the better he would like it. General Smith expressed particular interest in long range counterintelligence in Europe and the combating of Communist infiltration. He stated that he was a great admirer of the Bureau and appreciative of the work which it had done.

Colonel H. G. Sheen, Chief, Counterintelligence with the Allied Expeditionary Forces in Europe in a letter to the Director dated May 28, 1945, stated: "Permit me to assure you of my deep appreciation for the thought given to the selection of the excellent men you have sent over to us. Mr. [redacted] (Special Agent [redacted],) and Mr. [redacted] (Special Agent [redacted]) the pioneers, have made a major contribution to the success of operations in France and all of them are fast becoming indispensable.

Colonel B. C. Andrus, Commandant, Headquarters, Continental Central PWE #32, United States Army, in a letter to the FBI Liaison Unit in Germany dated July 12, 1945, stated the following in thanking the Bureau for handling his request for analysis of the drug used by Prisoner Hermann Goering: "The detailed written report from your Laboratory containing pertinent information about the Paracodin tablets submitted to your Laboratory 13 June 1945, has been received. The clear and specific data supplied in this report is of immense value to the Surgeon in supervising the care and treatment of the individual addict. The Surgeon and I want to express our gratitude to you for your prompt cooperation in this matter."

General Clayton Bissell, Major General, GSC, Assistant Chief of Staff, G-2, in a letter to the Director on December 3, 1945, stated:

"I regret exceedingly that the effective relationship which has functioned so smoothly during the war period must be terminated.

"During my visit to all capitals of Latin America, I met and talked with many of your representatives in that area. I would like to commend them to you. They created a most favorable impression of efficiency and competence.

"I was informed by our Ambassador in most of the countries that their work had been extremely satisfactory and effective. Their youth and keenness was everywhere apparent. They were indeed fine representatives of the United States. In no case did any single Military Attache have an uncomplimentary remark to make about the relationship with the FBI and ONI personnel who have operated together so effectively under the Delimitation Agreement.

"The credit for this accomplishment by FBI field personnel belongs primarily to you. Your selection, training and leadership of this personnel has produced results of which you should feel justly proud. I compliment you on your accomplishment."

Colonel Erskine, formerly with G-2, in a conversation with Mr. Ladd on October 20, 1945, stated that he was particularly pleased with the work of the FBI Agents in the European theatre and that they had been of immeasurable help to him over there. He added that if he had had anything to do with recommendations regarding FBI Agents in Europe, he would recommend that they be kept in long after G-2 was pulled out.

Under date of March 25, 1944, Major General Clayton Bissell, Head of MID, advised the Director that it was gratifying to learn of the excellent relations between the Military Attache and the Legal Attache at La Paz, Bolivia. He stated that the relations were cordial and cooperative and that he had recently received letters from Colonel Johnson commenting on the ability and competency of Mr. [redacted]

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Major General Clayton Bissell, Assistant Chief of Staff, G-2, in a letter to the Director dated December 3, 1945, regarding his (General Bissell's) visit to the capitals of the Latin American countries commended the service of the Bureau's representatives in Latin America to the Military Intelligence Division. He observed that our offices and those of MID and ONI have operated effectively together under the Delimitation Agreement.

The representatives of the War Department have agreed that the Bureau has been successful in Latin America. Colonel Walter W. Cox, Chief of the American Intelligence Service of the Army, after visiting Cuba, commended the Legal Attache on the organization of intelligence work in Cuba, and also praised the cooperative spirit existing between the office of the Legal Attache and other intelligence agencies. Lieutenant Thomas J. Carey, Executive Officer, C.I.C., P.C.D., advised Legal Attache [redacted] in Guatemala that the handling by the Legal Attache of the deportation of Guatemalan nationals could not be excelled, and that he hoped that in other places an equally efficient job was done.

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Colonel John W. Thomason, Jr., Chief, American Republics Section, Office of Naval Operations, stated in a letter dated November 4, 1942, that he had returned from a trip through Mexico, Central America, the West Coast of South America, and the Caribbean area and that he had met a number of our Legal Aides (Legal Attaches in the Embassies) and "was much impressed by their evident ability and extremely gratified by the excellent relations existing between them and our Naval Attaches and other personnel."

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Colonel William E. Shipp, GSC, Head of G-2 at the Panama Canal Zone, in a conversation with Special Agent [redacted]s on January 27, 1945, commented that he considers the Bureau's police training work in Latin American countries as probably the most effective method of maintaining security for now and in the future, and added that he considers this police work as more advantageous to the United States than the training of armies in Latin American countries. He stated as his reason that there is bound to be great criticism if the United States trains and equips armies in Latin America as such armies are most likely to be used chiefly as political organizations while Bureau trained organizations will be more likely to maintain the peace with the minimum amount of outside criticism.

Colonel H. G. Yoppe, Department Provost Marshal in the Panama Canal Department, in a letter to the Director dated May 14, 1945, stated that he was very much pleased to learn that a Special Agent had been assigned to the Embassy in Panama in the capacity of Legal Attache as he felt this assignment would fill a long felt need and prove of material assistance to this office.

On June 12, 1944, our Liaison Officer at Port of Spain, Trinidad, B.W.I., advised that Lieutenant Colonel C.M.C. Henderson of the British Defense Security in Trinidad, stated that he had recently had a conversation with Colonel Shipp, former Military Attache to the American Embassy in Asuncion, Paraguay, at which time Colonel Shipp spoke very highly of his relations with the work of FBI representatives.

Colonel John W. Lang, Military Attache, Buenos Aires, Argentina, in a personal letter to the Assistant Director P. E. Foxworth, dated July 20, 1942, stated in commending Special Agent [redacted] (SIS Legal Attache in Buenos Aires), [redacted] is proving better and better."

At the request of the War Department Special Agent [redacted] conducted a surveillance throughout Central America from Mexico to Guatemala of an MID [redacted] whereupon it was discovered that [redacted] had been giving false information to MID). On May 29, 1944, Colonel John Weckerling of MID stated that both General Bissell and he were extremely indebted to the Bureau for assisting in this matter and "so ably covering all of [redacted] activities", and that they were grateful for the fine cooperation which was afforded them.

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3. Navy

Under date of May 26, 1944, Secretary of Navy James Forrestal stated: "I have noted with interest the accomplishments of your organization in clearing out the Axis espionage organization in Brazil.....wishing you continued success....."

R. E. Schuirmann, Rear Admiral, United States Navy, Director of Naval Intelligence and Clayton Bissell, Major General, A.C. of S., G-2, in a joint letter to the Director dated September 26, 1944, advised: "It is clear from the evidence in this case (Clog Case) that the enemy agents have not been effective in their espionage activities, as a result due in large part to the efforts of your organization."

Admiral Ingraham, in command of the South Atlantic United States Naval Forces, in a radio broadcast on April 8, 1945, stated that with the cooperation of the Brazilian Navy and various officials the smuggling of contraband goods in and out of South America and also the entrance of espionage and sabotage agents from the Axis were out down to a minimum. He then revealed that the few Axis Agents who did slip into Brazil were quickly and efficiently picked up by the FBI.

Legal Attache [redacted] at Buenos Aires, Argentina, advised on February 18, 1944, that Rear Admiral R. E. Schuirmann, Director of Naval Intelligence, had commended both the Bureau and the Naval Attache at the American Embassy. Admiral Schuirmann stated: "In connection with this general subject, the Director of Naval Intelligence has been very favorably impressed by the evidence of close cooperation existing between the Naval Attache and the Legal Attache in Buenos Aires. It is felt that much of the success in recent months in uncovering espionage and courier activities carried on between Argentina and Europe for the benefit of the enemy, and in combating this activity, is due to this close collaboration...."

From the point of view of the Navy, Rear Admiral R. E. Schuirmann, former Director of Naval Intelligence, has commended the Bureau for the successful work conducted by the Office of the Legal Attache in cooperation with the Naval Attache at Buenos Aires, Argentina, in uncovering espionage and courier activitie between Argentina and Europe.

Commander Donald Frothingham of the Office of ONI telephonically contacted Supervisor [redacted] on March 2, 1943, and advised that he had returned from a trip to Buenos Aires and that he desired to express his appreciation and thanks for the splendid cooperation he got from our men in Buenos Aires. He stated that they had been very courteous to him and have been of immense help.

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He also stated that he was very much impressed with the "grade of people" that we have in Buenos Aires and that [redacted] (Legal Attache in Buenos Aires) and all of his staff were the right men for the place.

Albert Benjamin, Commander USNR, U.S. Naval Attache, Montevideo, Uruguay, in a letter dated May 5, 1943, stated he wanted the Director to know how much he appreciated the cooperation given him by Special Agent [redacted] in Montevideo. He said he could safely say that our office and his have been more closely associated in Montevideo than anywhere else. Further, that in addition to the splendid work Legal Attache [redacted] was doing in Montevideo, he had made himself admired tremendously by both the Americans and Uruguayans in Montevideo and that the Director and the FBI should be proud of such representatives as [redacted] b7C

Captain E. B. Nixon, District Intelligence Officer, 7th Naval District, Miami, Florida, stated on September 28, 1943, to Legal Attache [redacted], that he hoped to see the Federal Bureau of Investigation become preeminent in the intelligence sphere. He gave as his opinion the fact that the FBI could handle in a much better manner the work presently being handled by Army and Navy Intelligence representatives in foreign countries. Captain Nixon further stated that he had furnished his opinion to his Superiors in the Navy.

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The Naval Attache at Santiago, Chile, has added his comment to the work of the Bureau's SIS Division in that country and states that too much credit cannot be given to the Acting Legal Attache, [redacted] and his assistants, [redacted] and [redacted] for the magnificent manner in which they conducted a difficult case in the investigation of the PQZ radio ring and kept the Naval Attache advised.

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Captain A.V.S. Pickardt, U.S.Navy, Assistant Director Intelligence Group, Naval Intelligence, advised on June 26, 1943, that the U. S. Naval Attache at Santiago, Chile, had stated the following concerning the cooperative spirit existing between the Legal Attache's Office and the Office of Naval Intelligence: "There is a free exchange of information and close collaboration on all points, and, interestingly enough, a number of important cases have been broken as a result of this close collaboration. The above is not only pleasing to the Naval Attache, but he is likewise gratified to note the intelligent, able and amicable manner in which the Legal Attache deals with British Intelligence Officers. The close cooperation of these two services and their attitude towards this office has greatly facilitated the Naval Attache in eliminating the fog which heretofore surrounded several obstinate elements connected with his intelligence duties."

Captain J. P. Rockwell, USN, Naval Attache at Santiago, Chile, in a letter to the Director dated January 12, 1945, stated that it was easy

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for him to understand why the reputation of the Federal Bureau of Investigation stands so high when he had the pleasure of dealing intimately with such representatives of the Bureau as [redacted] He said that [redacted] like the others, is a man who does credit to the FBI and to the United States and one who accomplishes his ends with a minimum of confusion and a maximum of efficiency.....further, that it was a real satisfaction for himself and his officers to work with [redacted] and his splendid associates, and to see the manner in which his office and the Legal Attache's Office cooperated throughout his tour of duty in Chile.

J. P. Rockwell, Naval Attache at Santiago, Chile, in a letter dated October 25, 1943, to the Acting Legal Attache, who was departing from Chile, stated he was sorry to learn of his immediate departure and wanted to thank him sincerely for his cooperation and the general excellence of his reports and dealings with the Office of the Naval Attache. He went on to state that he strongly felt that a great amount of the intelligence work in the foreign countries could more efficiently be performed by members of the FBI than by relatively inexperienced Naval Officers.

Captain Paul L. F. Weaver, USN, Naval Attache at Santiago, Chile, b7C
in a letter to the Director dated February 21, 1945, stated that although he had been in Santiago, Chile, but a short time he had been impressed by both the calibre and ability of the Bureau's representatives there and by their cooperative spirit. He said he had learned that former Acting Legal Attache [redacted] had ably represented the Bureau's fine organization, particularly in the relationships which existed between the FBI and the Office of the Naval Attache.

Lieutenant Roy Davis, Assistant Naval Attache at Rio de Janeiro, Brazil, has advised the Legal Attache at Rio de Janeiro that Captain W. R. Cooke, Naval Attache, had instructed him to transmit a communication to the Navy Department in Washington to the effect that the Office of the Legal Attache is the most efficient, cooperative and all-round best group in the Embassy.

Captain A. S. Hickey, Naval Attache at Mexico City, advised orally that a report from our Mexico City Office dated August 24, 1944, regarding the burning and sinking of the "Rio de la Plata" was by far the most intelligence and most reasonable as well as comprehensive report which he had received in the above-captioned matter, it being noted that he had received reports from the Naval Liaison Officer at Acapulco, Mexico, and the Mexican Naval Base at Acapulco. The report covering the above matter was written by Special Agent [redacted] who witnessed the sinking of the b7C
"Rio de la Plata".

4. Coordinator of Inter-American Affairs

Nelson Rockefeller, Coordinator of Inter-American Affairs, and John C. McClintock, Assistant Coordinator of Inter-American Affairs, have both commended the Bureau's assistance to them. Rockefeller was especially commendatory toward the Bureau in his letter of April 27, 1943. b7C

Mr. Nelson A. Rockefeller, Coordinator of Inter-American Affairs, advised Special Agent [redacted] on September 20, 1944, that he had nothing but the highest of praise for the success of the Bureau's program in Latin America.

Mr. Kenneth Wasson, Chief representative in Bolivia for the Office of the Coordinator of Inter-American Affairs, made the statement to Mr. C. H. Carson of the Bureau on November 22, 1944, that in his opinion the Bureau's representatives are doing a better job in selling the United States to the natives of Latin America than any other Governmental organization. Mr. Wasson also said that not only are Bureau representatives carrying out the specific work assigned to them in an admirable manner, but they appear to be more tactful and diplomatic than the personnel of any other Governmental Agency.

Victor G. Borella, Assistant Coordinator of Inter-American Affairs in conversation with Section Chief E. G. Fitch in November, 1944, made comments making it obvious that the Coordinator's Office regards the Bureau highly. He expressed the opinion that the State Department representatives in Latin America have not handled inter-American affairs with much thought, care and consideration and he commented upon the value of reports on SIS matters that the Bureau has forwarded to the Coordinator's Office. He indicated that the activities of representatives of C.O.I.A.A. in Latin America would be curtailed in the early part of 1945 and expressed the hope that the Bureau would see fit to increase its interest and coverage in the SIS field. He further stated that Nelson Rockefeller held similar views.

5. Board of Economic Warfare

Mr. Leo T. Crowley, Administrator, Foreign Economic Administration, in a letter to the Director dated January 15, 1945, stated, "The service which your Washington Staff has furnished us through our Economic Intelligence Division has been of invaluable assistance, and we have frequently consulted with your organization in order to adjust this service to our varying needs.....the shift of Axis capital and personnel to neutral countries and particularly to Latin America has developed to an alarming extent. In this emergency the wise experience and proven abilities of your organization in matters of this sort make it imperative that we enlist your full cooperation in uncovering these subversive activities.....May I take this opportunity to thank you again for the fine assistance given us in the past by yourself and your staff and for a continuance of this valuable cooperation."

Mr. Leo T. Crowley, Administrator, Foreign Economic Administration, in a letter to the Director dated July 17, 1945, stated, "It is my desire that all of the Divisions of the Foreign Economic Administration under my direction cooperate with you in any way possible, if for no other reason than that your cooperation has meant so much to me in working out all my operations."

Mr. Dave Adler, a representative of the Office of Economic Warfare who had returned from a survey of enemy smuggling activities in Colombia, stated at a meeting at the State Department on September 29, 1943, that he found that the FBI in Colombia was the only agency capable of taking any action with respect to the legal control of smuggling of platinum. He further stated that the FBI representatives knew of smuggling agents, and had complete files on them. He remarked that consideration had been given in Washington to the purchasing of platinum on the black market to determine who the sellers were and through what channels the platinum travelled, but that this was entirely unnecessary, because the FBI already had detailed information on all the smugglers.

6. Foreign Economic Administration

Other than the intelligence agencies of the United States Government, comment received from other branches of the Government is shown by the statement of Mr. William T. Stone, Director of the Special Areas Branch of the Foreign Economic Administration. Mr. Stone stated that the assistance which the FBI has rendered in attacking the problem of platinum smuggling by the Axis was of the greatest value to the war effort and he wished to extend to the Director his sincere appreciation.

On April 15, 1944, Legal Attache [redacted] at Caracas, Venezuela, advised that Mr. Guy T. Stewart, Assistant for Economics, Intelligence and Transportation for the Foreign Economic Administration, declared that diamond smuggling in and around Caracas, Venezuela, was practically nil due to the good work performed by the Legal Attache's Office. He stated that prior to the efforts of the Office of the Legal Attache, smuggling of diamonds from Caracas to Spain was rampant, but at the present time individual inclined to engage in this type of activity were afraid to follow their desires because of fear of being uncovered. He added that he and the other officers of the FEA were well pleased with the activity of the Legal Attache's Office in this regard. b7C

7. Department of Commerce

Mr. George Wythe, Chief of the American Republics Unit of the Department of Commerce in a letter dated August 30, 1944, addressed to the Director acknowledging receipt of a report on minerals and metals imported by Germany

from foreign countries, stated that he wished to express his appreciation for this material which was of intense interest to the Department of Commerce.

Material furnished by the Bureau from SIS investigation concerning the Quimica Bayer-Weskott Company of Venezuela to the Department of Commerce resulted in a comment by Assistant Chief of the American Republics Unit, Rollo S. Smith, to the effect that the material was of considerable interest to his commercial intelligence unit.

8. Commissioner Of Narcotics

Mr. H. J. Anslinger, Commissioner of Narcotics, in a letter to the Director dated September 19, 1944, expressed his appreciation for information supplied to him regarding clandestine production of opium in Mexico. Mr. Anslinger stated that the information supplied him by the Bureau would be of great value to the representatives of the Treasury Department who were working with Mexican authorities to destroy opium poppy plantations. He went on to comment that there was considerable smuggling of opium from Mexico and large quantities of the product were seized at the border.

Mr. H. J. Anslinger, Commissioner of Narcotics of the Treasury Department in a letter dated August 10, 1944, to the Bureau regarding a report submitted to him of the disposition of poppy seed and poppy capsules by the firm, Hoffman-La Roche of Buenos Aires, Argentina, stated that the information supplied is exactly what his Department wanted and would enable them to take the necessary action.

9. Justice Department

Robert H. Jackson, Chief of Counsel for Prosecution of Axis Criminality, in a letter to the Director dated June 12, 1945, stated: "I acknowledge receipt of your memorandum concerning 'German Penetration in the Western Hemisphere'. I realize that it is prepared as an intelligence summary and as such I want to compliment it heartily. I am asking the staff to go to work on the problems of presenting proofs. As you have probably seen we want to prove the pattern of German penetration of other countries and nothing could do it better than to establish the methods you have outlined."

Mr. Irving H. Saypol, United States Attorney, New York, New York, who recently returned from Rio de Janeiro, Brazil after conducting the cross-examination of the defendant Rubinstein's witness in the case of United States v. Rubinstein, et al, advised by letter dated August 5, 1946, that he wanted the Director to accept his thanks for the valuable work performed by Special Agent [redacted]. He stated that in collaboration with [redacted] Legal Attache, several leads obtained locally by Mr. [redacted] were confirmed and much valuable information of an original character was developed. He stated further that after his experience he was convinced of the tremendous value and the benefit of the assistance of the Legal Attache. He extended his compliments and expressed his appreciation to Messrs. [redacted] and [redacted] as well as [redacted] for personal entertainment, needs and stenographic help. b7C

Mr. John F. X. McCohey, United States Attorney, New York, New York, by letter dated August 7, 1946, advised that Chief Assistant U. S. Attorney Irving H. Saypol had returned from Rio de Janeiro, Brazil and reported to him concerning his mission. He stated he was happy to say that the mission was quite satisfactory and that an important contributing factor was the activity of Special Agent [redacted] who preceded Mr. Saypol and made a preliminary investigation. Further, that the members of the Office of the Legal Attache gave valuable assistance, especially Mr. [redacted] and b7C

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that the close working relations between Mr. [redacted] and the Brazilian Officials are a valuable asset. Mr. McCohey stated that he appreciated very much the Director's cooperation in making Mr. [redacted] services available for the trip.

10. American Business Men Doing Business Abroad

Mr. [redacted] Goodyear Tire & Rubber Company, Havana, Cuba, in a letter to [redacted] in the [redacted], Berkshire, England, advised in commenting on the activities of the Falangists in Cuba, that since the FBI is in all important places throughout the Island, the Falangists are leaning over backward. He wrote further, "All these FBI Boys that I have come across are a fine lot, believe me, and I think the Allies have a lot to learn from Edgar Hoover in that line of business. Thanks to them this Island is now under control as regards espionage, or information to the enemy....." (Letter received through United States Postal Censorship at Miami).

Mr. A. J. DuPont, Export Manager of the Tidewater Associated Oil Company, during a conversation with Special Agent [redacted] made the b statement that because of his introduction to various Bureau representatives he was able to meet Legal Attaches [redacted] at Rio de Janeiro, Brazil; [redacted] at Buenos Aires, Argentina; [redacted] at Santiago, Chile; [redacted] at Lima, Peru; Donald Clegg at Bogota, Colombia; [redacted] at Havana, Cuba and Civil Attache [redacted] at Mexico, D. F. He said that in his opinion all of the Bureau representatives were uniformly outstanding and that if it were possible for him to reorganize the American Foreign Service, he would fire everybody in every Embassy in Latin America with the exception of the Bureau's representatives. He added that if American businessmen who were forced to travel on business outside the United States ever knew or realized the efficiency and intelligence of the various Bureau representatives in the American Embassies, they would pay no attention to any other Governmental Agency Representatives. Mr. DuPont said that he was astounded how time and again the Bureau's representatives had at their fingertips information concerning the background of prominent Latin American businessmen, the business situations in various industries in Latin American countries; and other general financial and economic data which they were not responsible by their assignment to have.

Mr. William E. Heagney, Assistant Manager, Havana Branch, First National Bank of Boston, in a conversation with Legal Attache [redacted] on December 14, 1944, stated that he, as well as many of his fellow American business executives in Cuba, could not help but marvel at the extremely high type of young men with which the Bureau has consistently staffed its Havana Office. He added that he would not have believed that a Government institution could staff its various divisions with such uniformly able and respected young men. He also said that his views were held by the majority of the American Colony in Cuba.

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On March 10, 1944, Mr. Samuel Wood Bryant, Jr., of the March of Time requested permission from Assistant Director L. B. Nichols to take photographs of SIS personnel in Costa Rica on the ground that the March of Time was making shots of the concentration camp there, and that it was Mr. Bryant's opinion that he would not be surprised if the Bureau had helped to populate the camp by its work. Mr. Bryant stated: "You may be interested to learn that of all the governmental agencies working down there, yours is the only one for which everyone has undiluted praise. They think the jobs done here were wonderful, and by 'they', I mean Costa Ricans and Americans both."

Mr. R. C. Long, Pan American Airways representative of London, England and Lisbon, Portugal, in commenting to Special Agent [redacted] on the work of Special Agent [redacted] the Legal Attache at Lisbon, Portugal, stated that [redacted] was doing a fine job in Lisbon, and that he (Long) now handles nearly all of his contacts at the American Embassy through him. Mr. Long stated that [redacted] presence at the Embassy had cleared up a great deal of confusion resulting from rivalry among the various intelligence agencies represented in the Embassy. b7C

In a letter to the Director dated August 21, 1944, Mr. [redacted] Vice President of [redacted] of New York, stated: "I assure you it has been a very great pleasure to me to work with all of the men in your organization. I cannot refrain from commending you upon the type and quality of your men. Each and every one with whom I have come in contact has been of outstanding character."

Mr. John Myles McKenzie, Assistant Manager of the United Fruit Company, Sugar Division in Cuba, in a letter to the Director dated June 7, 1943, offered his congratulations with respect to the Bureau organization. He stated that he had come in constant contact for nine months with one of our representatives in Cuba [redacted], Antilla, Cuba) and found him to be of the best, not only regarding his work, but the way he went about to obtain his information. Mr. McKenzie said, "He was liked as [redacted] by all he came in contact with, and I am sorry to have him leave our district, although I feel that our section is cleaned up. It wasn't before he arrived."

Victor C. Algrant, of the American Home Products Corporation of New York City, in a conversation with Supervisor [redacted] on April 25, 1945, stated that he had just returned from a trip to Venezuela. He further stated that the Bureau's representatives in that country had most excellent relations with local people in Venezuela and that the [redacted] was extremely well liked by all Venezuelan authorities.

[redacted] on March 20, 1944, [redacted] b7C
advised as follows: "You men are doing a grand job and I would enjoy b7D
nothing more than to be of assistance. We old men are able to do so little b7C to help directly these days." b7E

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[redacted] advised Special Agent [redacted] on March 15, 1944, that his [redacted] relations with [redacted] of the New York SIS Office and the Bureau in SIS work had been extremely pleasant and that he had never known a finer group of men than the Bureau Agents who worked with his firm. [redacted] expressed a strong admiration for the Bureau's work in General and for the highly selective process used in obtaining such a high standard of Bureau personnel. [redacted] went on to state that it had been and would continue to be a great pleasure to cooperate with the SIS program of the Bureau.

[redacted] in a letter to Special Agent [redacted] New York, dated July 21, 1943, commented with respect to the activities of Special Agent [redacted] who had operated in Argentina [redacted] stated he wanted to express his appreciation for the splendid work done for the magazine by [redacted] He stated that the helpful and informative matter sent in was a most welcome complement to the work of the [redacted] and that he was impressed with the precision and care exercised by [redacted] in gathering and presenting the material. [redacted] also stated that while he had not made it a point to write letters of thanks, he wanted to state that all of the able young men of the Bureau [redacted] have done excellent work and their efforts were appreciated. This indicates the success with which [redacted] used and preserved his cover for his Bureau work.

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Numerous similar commendatory communications have been received by the Bureau as to the functioning of its SIS personnel from currently-used commercial cover companies and individual private contacts of the Bureau.

11. Foreign Agencies And Individuals

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J. H. M. Kusters had been arrested by military authorities in France after being denounced by the Dutch Government for having collaborated with the Germans. There appears to be ample evidence that Kusters has worked with the Germans under Ludwig Von Hubner, Chief of the I.M. (Eins Marine) in Paris. In a conversation with SA [redacted] during the latter part of 1944, Kusters said that while discussing intelligence work in general with Von Hubner, the latter stated, "the French and Dutch Deuxiemes Bureaux stink. The United States CIC. and OSS are a bunch of amateurs. The only intelligence services in the world which I fear are the British Secret Service and the American G-Men".

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President Manuel Avila Camacho of Mexico, in a letter to [redacted] dated January 19, 1943, stated as follows:

"Through your kind letter of the fifteenth of this month, I was advised that the Government of the United States of America has promoted you to another post and that you intend to leave this capital within a short time.

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I am most pleased that upon leaving our country you have made me the object of your attention. The good concept of Mexico and Mexicans which you carry away with you is most gratifying to me.

For our part, I am able to assure you that you are esteemed by the friends you leave — friends who desire to see you again established in this city.

I remain most affectionately, your servant and friend, Manuel Avil Camacho."

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Mr. Maximino Avila Camacho, brother of President Camacho, also wrote a similar letter to [redacted]

President Batista of Cuba, according to information received from General Manuel Benitez, Chief of the Cuban National Police, on September 5, 1943, stated that he was impressed with the youth, health, and intelligence of the Bureau's representatives in Cuba.

Jorge Garreton, Director General of Chilean Investigaciones, in a memorandum dated February 12, 1945, presented to the Chilean Foreign Minister, stated: "Shortly before the Japanese attack on Pearl Harbor the Federal Bureau of Investigation sent to Chile a delegation which was a part of the American Embassy, with the purpose of establishing contacts with the Chilean Authorities in order to obtain information of a police nature which concerned the defense of the United States and the Western Hemisphere.

"The efforts of the North American Police in this case (PYL case) in the interception of the messages, in the breaking of the code, in the revelation of secret ink messages, and in the interception of foreign mail proved to be invaluable.....

"A great amount of information of mutual interest to the police of both countries has been interchanged since that time. In the investigation of various types of cases, including smuggling, the Chilean Police have solicited on various occasions the services of the FBI outside of Chile to pursue inquiries and to obtain information which could not have been obtained in any other way. At the same time, the Federal Bureau of Investigation representatives have requested Prontuario information, photographs and other data concerning individuals suspected of activities inimical to the best interest of the Western Hemisphere and the Chilean Police, obeying the instructions they received from the Chilean Government, have made every effort to assist the FBI delegation in every way possible.

"A very good example of the results of this reciprocal collaboration is seen in the case known as PQZ, the investigation which was handled by the Chilean Investigacion with the assistance of the FBI.....

"This investigation which has been characterized in important North American circles as the best espionage investigation realized in the three Americas, would not have been nearly as complete and thorough as it was if this cooperation had not been made effective. The details of the espionage organization discovered in the last year have been published by the press throughout the entire continent.

"It appears unnecessary to go into detail concerning the advantages which both Chile and the United States have obtained as a result of this close interchange of police information. The Chilean Police have much to learn from the North Americans with reference to the scientific aspects of an investigation and above all to draw their immense experience accumulated in the numerous cases in which they have intervened in the course of this war."

General David H. Ordonez P., Director General of the National Police of Guatemala, in a letter addressed to the Director on January 22, 1944, stated that he desired to tell the Director that all the employees of the local FBI Office serving his Capital were working with energy, determination and enthusiasm — their services being very efficient and justifying the confidence which the Director had placed in them. He further stated that the doors of his office were open at all times to employees of the Office of the Legal Attache.

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Renate Medeiros, Inspector of the Maritime Air and Border Police of Pernambuco, Brazil, in a letter to the Director dated October 23, 1945, stated that he wished to praise the capability in action, the subtlety and [redacted] He said he had an unforgettable memory of all of them due to the good comradeship and fellowship which was maintained daily in the arduous services of surveillances and observation regarding the common enemy and also for the personal courage of each one of them. He said further: "I wish to conclude by presenting to my eminent colleague (the Director) my most sincere congratulations for the complete success of your service at the Head of the FBI, whether within your country or along with the Allied Nations where your Secret Agents operated brilliantly during the difficult years of the war and contributed so greatly for absolute unity of police action on the continent in the benefit of order, of security and the common cause for which we fought."

Dr. Plinio Brasil Milano, Chief of the State Police, Porto Alegre, Brazil, upon his return from the United States where he received training at the Bureau, stated in an interview on September 3, 1943, that Nazi-Fascist spies and saboteurs have accomplished nothing in the United States because of the FBI.

In a letter dated August 10, 1944, to the Director, Mr. Evaldo W. Bergamann, Chief Inspector of the Brazilian Police in Porto Alegre, Brazil, stated that he wished to take the opportunity to commend the good service that is being realized by FBI men in Brazil. Inspector Bergmann goes on to

say that through his profession he has had the pleasure to meet nearly all the FBI men who came and are in Brazil and that it was through these men that he had become an admirer of the Bureau. He classifies Bureau Agents as the "real pioneers" of the good neighbor policy between the police organizations of the United States and Brazil, and feels it is a result of their efforts that such a close feeling of understanding now exists between the Bureau and the Brazilian Police Force.

Dr. Alfonso Araujo, Director General of the Colombian National Police, advised the American Ambassador at Bogota that the assignment of FBI Agents to Colombia as technical advisors to the Police had been extremely helpful and added a great deal to the efficiency of the Colombian Police.

The Haitian Government, through Captain Mercceron, Chief of Police and with the approval of President Lescot, presented to Special Agent [redacted] on December 7, 1943, a medal and scroll signifying Agent [redacted] elevation to the rank of officer in the Haitian National Order of "Honneur et Merite." This was in appreciation of the services that had been rendered to the Republic of Haiti and its authorities by Agent Blandori.

General Manuel Benitez y Valdes, Chief of the Cuban National Police, advised Legal Attache [redacted] on September 5, 1943, that President Batista of Cuba remarked to him that he was very much impressed with the youth, health, and intelligence of the Bureau representatives in Cuba. The President also commented that he was impressed by the Bureau representatives' ability to speak Spanish.

Under date of April 29, 1944, National Director of Security and Foreigners, J. R. Sanz Febres at Caracas, Venezuela, advised the Director concerning the cooperation of Special Agent [redacted] who is assigned as [redacted] with the National Police of Venezuela. Director Sanz Febres stated that he wished to take advantage of the opportunity to inform the Director how much his Government appreciated having placed at their orders a technician of thequality of [redacted] for the service of their Investigation School. He said they were completely satisfied not only with the capacity and knowledge of [redacted] but also with the eagerness and affection with which his important work is being fulfilled. He stated that [redacted] plan for reform and studies for obtaining better results deserved their warmest appreciation.

Ignacio Davalos C., Director General de Seguridad, upon the departure of Special Agent [redacted] who was assigned to the Embassy in Quito, Ecuador, stated in a letter dated April 9, 1943, that during the period of a year, [redacted] at the American Embassy, had been a person highly beneficial for Ecuador

and that his work of intelligent collaboration has given effective results in the continued success of this office, which has been greatly aided by his assistance and that he deplored [redacted] return to his native country.

Senor Rodrigo Arenguena, Commanding Officer of the International Brigade, Police Department, Lima, Peru, at a banquet on August 30, 1943, at which there were present the Legal Attache and other Bureau representatives in the Embassy there, with respect to work of the Office of the Legal Attache, stated that he had received excellent cooperation from the personnel of the Office of the Legal Attache, and expressed great appreciation for the assistance which had been given to his Brigade. He also stated that he anticipated the continuance of close relations existing between the police and the Office of the Legal Attache.

On January 18, 1944, Special Agent [redacted] of the New York Field Division interviewed [redacted] in New York City. [redacted] stated to Agent [redacted] that [redacted] would rather deal with the Bureau on Latin American matters than with the Office of Strategic Services or any other American Intelligence agency. [redacted] stated that the Bureau is far more efficient and businesslike, and through dealing with the Bureau [redacted] had felt that better results were obtained.

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Mr. Otto N. Frankfurter, in a postal card dated January 21, 1943, from the Hotel Reforma, Mexico City, Mexico, to the Director, wrote: "What a fine lot of S you have here - such fine specimens of young American manhood; The New Chief [redacted] I am proud to be an American just knowing these fine countrymen of mine. As fo[redacted] Well Superb! My best to you, Sir."

B. MONOGRAPHS AND SPECIAL MEMOS

The coordination and editing of information received from the Field and the issuance of this information in the form of monographs and special memoranda provided, according to comments received, a much needed source of information for other agencies which was totally lacking in the past.

Justice William O. Douglas of the United States Supreme Court in a letter to the Director dated June 18, 1945, stated that he greatly enjoyed perusing the documents sent to him by the Director. He stated that the record of the Bureau's work in South America was a most illuminating one, and he hoped that some time the whole story could be told so that the country could appreciate the unique and outstanding achievements which were made in South America by the Bureau.

By letter dated July 22, 1942, Mr. Harry L. Hopkins, in acknowledging receipt of the Latin American monographs, stated that he found them most interesting.

Edward R. Stettinius, former Secretary of State, in a letter to the Director dated October 25, 1944, expressed appreciation for the Director's letter of October 23 concerning activities of the Communists in the FFI. Mr. Stettinius stated that the Director's letter was very interesting and he expressed appreciation for the thoughtfulness in sending it to him.

Assistant Secretary of State, Adolf A. Berle, Jr., stated in a letter of July 30, 1942, "The monographs are well prepared and informative They have been reviewed with interest by various divisions of this Department. I wish to add my commendations to those voiced by the various divisions."

A letter dated November 5, 1942, from Mr. Adolf A. Berle, Jr., Assistant Secretary of State, stated, "I wish to include in my commendation the personnel of the Bureau's headquarters who have rendered excellent service--the most recent example of this splendid cooperation being the prompt submission of the memorandum on Axis espionage activities in Argentina which was transmitted by your letter under date of October 22, 1942.

Assistant Secretary of State, Spruille Braden, on June 27, 1946, wrote to the Director expressing his appreciation for the copy of the Monograph on German Espionage in Latin America. He stated that the very interesting exposition was both informative and helpful and he was glad to have the report.

Mr. Spruille Braden in a letter dated December 17, 1942, stated that he had received the monograph on Colombia and added "I wish to congratulate you heartily on the graphic presentation which is very capably handled. There can be no clearer way to show the real significance of Nazi activities in Colombia and the effective work of the Embassy in combatting them. Once more I wish to testify to the valuable cooperation rendered as in this particular by [redacted] (Special Agent)."

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Hathaway Watson, Assistant to the Secretary of State, in a letter to the Director, dated February 21, 1945, stated that the Secretary would appreciate receiving the copy of the monograph entitled, "The Republic of Paraguay" and it would be called to his attention immediately upon his return. By letter dated March 6, 1945, Watson wrote again in the absence of the Secretary of State and expressed appreciation of the Director's letter of March 4th, setting forth observations of a member of the FBI who had been in Italy since 1943. Watson further advised that he was taking the liberty of making the information available to some top officials in the War Department.

Relative to the monograph on Paraguay, Mr. Dan Hanley, in July, 1942, an official of the State Department, verbally informed that it is the best treatise on the subject which has come to his attention.

By letter dated August 21, 1946, the Honorable James Forestal, Secretary of the Navy, expressed his appreciation for the excellent report received from the Bureau entitled, "Communism in Cuba". He stated that the copy of the report is being carefully studied and his copy is enabling others interested in the problem to have immediate access to the information it contains.

On May 15, 1946, Legal Attache at San Salvador, El Salvador, Mr. [redacted] visited the State Department beofre departing for San Salvador. During an interview with Mr. Robert Newbegin of the State Department's Central American Section, Mr. Murat Williams in charge of San Salvador presented himself. Mr. Williams took the occasion to question [redacted] concerning the Bureau booklet "The Police of Latin America", February, 1946, edition. Both State Department Officials at this time were most enthusiastic in commenting upon the contents of the book and expressed the opinion that the Bureau had done an extremely good piece of work in compiling such a large amount of information. Mr. Williams, in particular, advised that the book had been most helpful to him in his work.

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General George V. Strong of G-2 in July 1942, commenting on a special memorandum entitled, "General Information Concerning Probable Axis Plans and Spanish Collaboration with the Axis" stated as follows: "This memorandum has been reviewed by our interested sections and has been found to contain most valuable material. It presents in detail and from very

good angles the various ramifications and many ways in which the Axis is trying to utilize the present non-belligerent position of Spain to its own ends. In a number of instances the statements made, confirmed previous advice received from other sources and have also given us some new side lights."

John Weckerling, Brigadier General, Deputy A.C. of S., G-2, War Department, in a letter to the Director dated December 5, 1944, stated as follows: "I acknowledge with pleasure the receipt of the monograph on totalitarian activities in the Dominican Republic transmitted by your letter of December 1, 1944. It is one of the most complete, authentic and readable reports of its kind to come to my attention. I want to express to you and to all who assisted you in its preparation my personal appreciation and commendation."

Mr. Nelson A. Rockefeller, Coordinator of Inter-American Affairs advised, after receiving a copy of the monograph on the Republic of Colombia, that it was most beautifully prepared and found that it was most interesting. He added, "I want to take this opportunity to express my admiration for the increasingly effective work your representatives are doing in the other American Republics."

Dr. Graham Stewart, American Hemisphere Division of the Board of Economic Warfare, in November 1942, contacted the Bureau and requested permission for the utilization of nonconfidential information of a background nature as to the various countries taken from our monographs. Dr. Stewart stated that his Division was preparing handbooks and manuals for the use of the members of the Board of Economic Warfare on technical missions in South America and that he desired to use our material in these monographs. He was given permission to utilize background material, and by letter dated December 15, 1942, Dewey Anderson, Chief, American Hemisphere Division, Board of Economic Warfare, advised that parts of the monographs on Peru, Honduras, Ecuador, Bolivia, Mexico, Colombia, Paraguay, and Uruguay had been utilized. Mr. Anderson stated that the information had been furnished their analysts and that the material would be of great assistance. A request was received from Dr. Graham Stewart, referred to above, on November 2, 1942, for permission to utilize the charts appearing in the Bureau's monograph on Peru.

After submission of a memorandum to Captain James I. Mellen, Economic Defense Board, on November 26, 1941, Mr. Mellen advised by letter, "Thanks largely for your generous cooperation in furnishing valuable material, the attached report was compiled." The report concerned the operations of the Italian Lati Airline in Brazil.

After the abolishment of the Office of Coordinator of Information, Colonel William Donovan, in July 1942, requested he continue to receive our reports.

Mr. R. Keith Kane, Assistant Director in Charge, Bureau of Intelligence, Office of Facts and Figures wrote, "You may be sure we are very glad indeed to have these memoranda and the information therein contained will be useful to the Office of Facts and Figures and the Committee on War Information in the formulation of an information policy."

Relative to the monograph "United States Dependency on South America" the Office of Facts and Figures advised, "It is a very valuable addition to our information on this subject."

On July 30, 1942, Mr. William LaVarre, Chief, American Republics Unit, Department of Commerce, stated in a letter, "Our Latin American specialists have expressed their admiration for the quality and accuracy of these reports. The men who prepare them are to be especially complimented."

Mr. Rolls Smith, Assistant Chief of the American Republics Unit, Bureau of Foreign and Domestic Commerce, Department of Commerce, in a conversation with Special Agent Heber M. Clegg on October 2, 1944, stated that the monographs prepared by the Bureau on Latin American countries were of the greatest assistance to him and his department. He requested the Bureau, if possible, to provide him with a copy of the monograph prepared on the Republic of Bolivia.

The issuance of the special monographs produced a deluge of requests for copies of them even though they were initially given a very limited and confidential distribution. In July 1942, Mr. L. M. C. Smith, Chief of the Special War Policies Unit, United States Department of Justice, Mr. Alfred McCormack, Special Assistant to the Secretary of War, and Mr. William LaVarre, Chief, American Republics Unit, Department of Commerce, requested that they be placed on our mailing list for these monographs.

C. PLANT SURVEYS

The State Department officials and others have also been very commendatory with reference to the plant survey program. Mr. Adolf A. Berle, Assistant Secretary of State, in a letter dated July 19, 1943, commended the Bureau for the expeditious and efficient manner in which the plant protection survey program was conducted. Mr. Robert F. Woodward, Charge d'Affaires of the American Embassy, La Paz, in a dispatch to the State Department dated May 14, 1943, commented on the work of the SIS representatives assigned to Bolivia as plant survey experts as follows: "I believe that Messrs. [redacted] have done excellent work in organizing counter-sabotage measures in the Bolivian mining industry. They have performed their duties carefully and efficiently." Mr. Donald Heath, Counselor of the American Embassy at Santiago, Chile, and Mr. Clarence Brooks, First Secretary of the Embassy, on May 11, 1943, expressed favorable comments on the Bureau representatives' work in connection with the survey of the Pan American-Grace Airways, Inc., in Chile. b7C

Mr. William [illegible]. Turner, General Manager of the Braden Copper Company in Chile, advised Special Agent [redacted] with respect to plant surveys made by Bureau representatives in Chile, that he had been greatly impressed by the efficient manner in which these surveys were conducted. He stated that in contrast to the members of other governmental organizations who had inspected the company's property and were extremely officious and made ridiculous suggestions, he had been quite pleasantly surprised in the way in which Special Agents [redacted] had carefully covered the property and asked intelligent and pertinent questions. b7C

D. REMARKS REGARDING DISCONTINUANCE SIS PROGRAM

1. Curtailment in 1945 for Lack of Funds

Inasmuch as there were no appropriations for SIS work beyond January 1, 1946, orders were issued during the latter part of 1945 recalling SIS personnel to the United States immediately. Numerous comments from high officials expressing their concern over this recall were received.

On November 23, 1945, Mr. Fred Lyon of the State Department advised that he had prepared the following memorandum to Colonel McCormack of the State Department:

"At the request of Assistant Secretary Braden (ph.) I am transmitting this memorandum setting forth the urgent interest of the Department in continuation of the work of the Legal Attaches in the other American Republics. As you know, these Attaches, together with Staffs and equipment, are maintained by the FBI in our diplomatic missions in Latin America. The program was instituted in 1942 at the request of the Department and under directive of the President's Delimitation Agreement for the Coordination of the Government's intelligence service. Because of lack of funds, the Bureau is closing out the entire program as of December 31. During the war the FBI, through these Attaches, worked in closest cooperation with our Chiefs of Missions in Latin America in the interest of national security. It is impossible to assess the contribution to victory of any individual or group but there is no doubt that that of the FBI in this field was vital. The carefully prepared Axis base of operations against the United States was nullified. Espionage Agents were identified. Their means of communication were exposed. A total of seven thousand individuals, many of them key figures in the German, Italian and Japanese penetration of Latin America were expelled from these Republics. Information furnished by the FBI has been described as the largest single factor in establishing the proclaimed list. Our economic warfare arming Latin America was to deprive Germany of vital military material and paralyze the German hold on Governments business and industry. Document after document bears out this estimate of the effectiveness of the FBI effort in the field. All of this activity, many phases of which are as vitally important today as any time during the war, may stop. Recall of the 166 Agents, 99 clerks and 17 radio operators making up the FBI layout in Latin America as contemplated for the close of the calendar year will seriously cripple the Department's political and economic facilities at a time when we can ill afford it, and it may be disastrous. In the field it will deprive our Chiefs of Missions of highly trained officers and highly developed equipment upon which they depend for investigations of all kinds. In many cases it will deprive the police agencies of Latin American Republics themselves of technical assistance and liaison without which they may well find it impossible to keep anti-American activities under control. The removal of FBI radio equipment will leave most of our missions without means of communicating with Washington in event

of disruption of normal service. It is being called to our attention by some seriously apprehensive Chiefs of Missions that with political upheaval pending this danger in some places is daily growing more acute. Evidence of revival of German influence in Argentina, Chile, Brazil and some other countries is too plain to ignore. There is serious danger that we may default our hard won advantage in the southern part of the hemisphere by abruptly relaxing our efforts. This is a real possibility. The battle lines were laid in this field before Pearl Harbor, some of them will be strongly held for a long time to come. Our position in Argentina is hardly more than a beachhead. In Brazil, German and other anti-Democratic forces are making a desperate bid to salvage their pre-war economic position, and with it political power. These are not the internal affairs of Latin American Republics, but they are the serious concern of the Democratic world. The German bid for domination of Latin America has been spectacular, but it has not been the only bid from outside the hemisphere. Latin America literally swarms with Agents and influences which, from standpoint of mutual security of the Americas, bears the closest watching and the most competent professional analysis. Before the Legal Attaches withdraw from this area, the Department must have supplanted them with its own competently trained and seasoned personnel. It is impossible to do this, especially on short notice, if at all. Neither the Department nor any other branch of the Government has the men or the facilities necessary to do this job. Chiefs of Missions in Latin America are acutely aware of the dangerous position in which withdrawal of the FBI will leave them. Most of them expressed themselves vigorously asking the Department to spare no effort to secure the continuance of the program now in operation. I have been the Department's liaison with FBI and the Government's other intelligence agencies for five years. In my experience no coordination has been achieved in the intelligence field to compare with that of the FBI and the Department of State in the Field of Latin American intelligence. No Bureau men have gone to their post without the specific instructions from the Department and thorough briefing. There has never been a serious complaint of embarrassment to this Government abroad that could be charged to any one of these men. Their record of cooperation is unique. It is the concensus in the Department and in the field that their withdrawal would be foolhardy and might invite the gravest consequences."

Under date of September 17, 1945, the Honorable Claude G. Bowers, Ambassador to Chile, sent the following telegram to the Secretary of State:

"I have been informed in confidence by the Legal Attache that on January 1, 1946, the appropriation for FBI foreign work will expire. The Legal Attache states that it is his understanding that conversations are now being carried on between the FBI and the Department of State regarding the possibility of continuing the foreign work of the FBI after the first of January 1946. It is strongly recommended that arrangements be made to continue maintaining the Office of the Legal Attache in Santiago, since it is essential that the Embassy have the use of a specialized intelligence organization for an unlimited number of years, and it is my recommendation that the FBI is best qualified to continue in intelligence work from every viewpoint.

"Had it not been for the splendid work of the Legal Attache and members of his staff, the Embassy would have been unable to perform one of

its principal duties — that is, keeping abreast of Axis activities and reporting such activities to the Department. All information obtained by the Office of the Legal Attache was made known to me immediately. His office operated as a functional part of the Embassy. Timely obtaining of information on activities of our potential and actual enemies will be as vitally important in the future as it has been in the past. In Chile there are 120,000 people of German-Aryan descent who are unassimilable and unassimilated. The country is ridden with future pan-Germanists and former Nazis. Of the 120,000 persons in Chile, 20,000 are German citizens. Far more of the Chilean citizens of German origin have German outlooks than Chilean. Using the PDZ case as an example, there were 26 persons sentenced in the PDZ case. Of these, 11 were Chilean citizens born in Chile, and the remaining 18 were of German blood. Without the Office of the Legal Attache or an organization similar to this office, the activities of German-Chilean and German against continental security and the United States could not be suitably watched.

"Valuable and friendly relations are maintained between the Chilean police authorities and the Legal Attache's office. I have stated in a previous message (No. 1950, November 16, 1943) that the Legal Attache, at my request, does important work beyond his own investigative duties as well as keeping combined files on subversive activities of all interested sections of the Embassy.

"In addition, services of the Legal Attache's Office in the following types of work are indispensable:

"Studying Communist trends; assisting in the repatriation of 1,000 Germans; tracing the activities of minority and European groups with a view to distinguishing our friends from our enemies; cooperating in Safehaven work with the Proclaimed List Section; and following propaganda activities of Chilean pro-Germans and Germans.

"Political information of interest to the Embassy is often found in investigating subversive activities through contacts built up by the Legal Attache's Office. It is felt that we would be lacking good judgment if we were to give up the Office of the Legal Attache which has established a thoroughly efficient organization and has built up essential and valuable contacts. We will have to keep up a lasting intelligence service abroad if the United States is to perform the role of a great nation committed by international agreements to the preservation of world peace. This is particularly true in Chile which is thoroughly surrounded with Germans.

"It is with great satisfaction I note from the Radio Bulletin No. 221 of the fifteenth of September that Senator Wiley in a speech made September 14, urged the establishment of a permanent intelligence system (American - foreign) under the supervision of the Director of the Federal Bureau of Investigation."

On November 29, 1945, the Charge d'Affaires of the American Embassy in Buenos Aires, Argentina, upon being advised of the contemplated discontinuance of SIS immediately cabled the State Department, stating that unless this

were counteracted by shifting Bureau personnel to some other agency, such a move would hopelessly cripple Embassy activities against Nazi elements in Argentina.

On November 26, 1945, Ambassador Norweb, upon being advised by the Legal Attache at Havana, Cuba that the Bureau was withdrawing from foreign operations advised the Legal Attache that he was shocked to hear this news and termed it "hysterical demobilization of an excellent agency of the Government."

On November 28, 1945, the Honorable William D. Pawley, American Ambassador to Peru, called on the Director to inquire about the cessation of SIS work. Mr. Pawley was very emphatic in stating that there is an imperative necessity for continuation of this work and that he certainly did not desire any handling of the same by the remnants of OSS. Mr. Pawley stated he intended to confer with officials of the State Department and would strongly urge the continuation of SIS work.

On November 28, 1945, the Honorable John Cooper Wiley, American Ambassador to Colombia, called on the Director in connection with the cessation of SIS work. Mr. Wiley was most emphatic in his expressions of commendation of the work which had been done by representatives of the Bureau in Colombia and indicated that he was going to present his views upon this matter to Assistant Secretary of State Braden.

On December 22, 1945, Ambassador John C. Wiley advised the Legal Attache in Bogota, Colombia of his pleasure with the continued Bureau coverage in Colombia and Latin America and told of his personal contacts with President Truman, the Secretary of State and other high Government Officials to recommend for such continued Bureau coverage. The Ambassador stated that he had been very disturbed upon his return to Colombia to find that the Bureau had been forced to withdraw personnel from Colombia and to close the Bureau offices at Cali and Medellin.

On November 26, 1945, when advised that the Bureau was withdrawing from SIS work, Ambassador Beaulac advised the Legal Attache at Asuncion, Paraguay, that this would mean the loss of valuable political, Communist and labor information and wondered whether the State Department thought he or the First Secretary could devote their time to contacting the leaders of the political opposition, the Communist Party and the Labor Groups in Paraguay. The Ambassador also expressed concern over the withdrawal of the Bureau radio station due to his desire to receive Department of State news bulletins daily and over the possibility of the withdrawal of the Police Liaison Officer.

American Ambassador to Bolivia, Walter Thurston, in a dispatch to the Department re the discontinuance of SIS as of December 31, 1945, stated that on the basis of his observations of the activities of the Foreign Service of the FBI in El Salvador and Bolivia, he felt that it was proper for him to say that the discontinuance of these activities would be unfortunate..... that while the Department of State Foreign Service and the intelligence services

of the War and Navy Departments endeavored to keep abreast of subterranean activities of concern to our Government, they usually are not equipped with the funds or technically trained personnel to enable them to cover this field as thoroughly and efficiently as experience has shown it to be covered by the Foreign Service of the FBI. He stated that at his particular post he would regret very much losing the services of the members of the Office of the Legal Attache.

Fletcher Warren, American Ambassador to Nicaragua, in a dispatch to the State Department dated December 3, 1945, stated, "I have been informed by the Legal Attache that it is likely that his office will be closed at the end of December. Although I hesitate to express any opinion with regard to the decision to close down the Legal Attache's Office, I feel that my service in the Department working with Messrs. Berle and Messersmith on intelligence matters and my similar work in Colombia obligate me to make the following remarks to a part of the record:

"The danger was imminent during the recent war that we would be impelled to fight Axis forces in Brazil. From the vantage point of 1945, it seems that it was only by the Grace of God that we were able to set up a system of intelligence activities strong enough to upset Axis plans in this Hemisphere.

"A great deal of doubt existed as to whether we would be able sucessfully, to operate intelligence activities without antagonizing the sister Republics. The Departmental record will indicate the misgivings of Government Officials, even in the pressing need of wartime, regarding the wisdom of establishing such a system. However, the first step was taken and the SIS approval of the Governments concerned. An exceptional job was done by John Edgar Hoover in selecting, equipping and training the personnel sent to the field for this work.....Should SIS be withdrawn, I feel that we will lose something that is now valuable to us: the successful entry in the American Republics and over five years of spade-work.....In my opinion no other organization can equal SIS in intelligence activities in this Hemisphere."

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William P. Cochrane, Chief of the Central American and Caribbean Division of the State Department, in a conversation with Legal Attache [redacted] in Havana, Cuba, stated that he had been working closely with representatives of the Office of the Legal Attache since the beginning of the SIS Program and spoke very highly of the work that has been done by the Bureau in this regard and of the type and caliber of personnel that the Bureau has sent on these various assignments. He stated that he was of the opinion that the Bureau's work will be continued in Latin America through its Legal Attaches despite the apparent confused and unsettled picture insofar as foreign intelligence is concerned. Mr. Cochran stated he personally and sincerely hoped this would be true and that Under-Secretary of State, Spruille Braden was doing everything within his power to assure the continuance of Bureau operations in Latin America.

When funds became available to continue SIS work at this time, a large number of letters were received by the Director from Ambassadors and

other State Department Officials expressing their happiness over the continuance of SIS in the Foreign Field. The President of the United States specifically ordered the continuance of the foreign operations of the Bureau on the same basis as in the past and the necessary appropriation was provided.

Honorable John G. Winant, United States Ambassador to England, in a letter to the Director dated February 21, 1946, stated that he was delighted to know that the Director was planning to continue the branch office in London. He stated that Legal Attache [redacted] work has been of much value to the Embassy and that [redacted] has been most helpful and cooperative. Winant stated he was very grateful for the many ways in which the Bureau has assisted him and he felt that the maintenance of this close and effective liaison would be of real benefit.

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Adolf A. Berle, Jr., former Ambassador to Brazil, in a letter to the Director dated March 6, 1946, commented in part, as follows:

> "The story of the war work of the Federal Bureau of Investigation, specially in South America, has not been written and perhaps never will be fully known. You and I know what it did; and how essential it was -- and still is. I personally owe many debts of gratitude which I do not forget. Nor was your own work more needed than it is at present; if I can be of any use, you know where to find me."

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2. Comments Regarding Discontinuance and Final Termination of SIS Program

[redacted] (S)

During the following months SIS personnel was cut to a minimum and the SIS program was finally closed in April 1947.

In connection with the recall of Legal Attaches prior to our complete withdrawal from the SIS Field, the following communications and comments were received which were made by the various Ambassadors concerning the closing of our offices and the recall of Bureau personnel.

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By radiogram dated July 17, 1946, Legal Attache [redacted] at La Paz, Bolivia advised that Ambassador Flack had requested that he make no arrangements to depart from La Paz until the State Department had an opportunity to act on his recommendation to the Director requesting that no reduction of personnel be made in the Office of the Legal Attache at La Paz. He urgently requested [redacted] to request the Bureau to cancel his recall due to the political situation in Bolivia which he advised was graver than in any other Latin American country and he felt that at least two Agents familiar with the country were needed to assist the Embassy during this political crisis.

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By radiogram dated July 19, 1946, the Legal Attache at Lima, Peru advised that the Ambassador had confidentially discussed with him the telegram received from the State Department regarding the withdrawal of Bureau personnel. The Ambassador indicated that the State Department feels that the Bureau has done an excellent job and is suggesting a more gradual transfer of personnel with the possible absorption of some of the Bureau personnel into the [redacted] The Legal Attache further advised that the Embassy was having a short meeting on July 20th to draft a telegram to the State Department urging that the Office of the Legal Attache be continued at present strength. The Legal Attache stated that the Ambassador feels that the Bureau should continue in the SIS Field.

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Legal Attache [redacted] at Ciudad Trujillo advised by radiogram on July 22, 1946, that the Charge D'Affaires had shown him a cablegram received by the Heads of All Missions from the State Department which stated

(S) [redacted]

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the Bureau personnel and work. The Charge D'Affaires advised [illegible] sending a cable to the Department of State to the effect that the withdrawal of FBI representatives from the Dominican Republic would be most unfortunate and in strong language agreed with the Department of State that FBI personnel should not be removed. Further, that he was praising the work of the Legal Attache in Ciudad Trujillo.

By radiogram dated July 30, 1946, the Legal Attache at Havana, Cuba advised the Bureau that the Ambassador (Norweb) had advised him of the contents of the State Department telegram dated July 22, 1946, concerning the withdrawal of FBI from the SIS Field. The Ambassador stated that the majority of the Chief Missions, including himself, favored the continuation of the Bureau in the Foreign Field; that he, together with several others, "went to bat" for the Bureau last November and that he and the Director (Mr. Hoover) always saw "eye to eye". Norweb further stated that [redacted] and therefore he hoped, as did Assistant Secretary of State Braden, that the Bureau would not hastily withdraw personnel. The Ambassador stated he favored amalgamation of Bureau personnel having experience in the foreign field with New Intelligence Unit. He pointed out that the State Department telegram left it to the discretion of the Ambassador to discuss matters with the Legal Attache.

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Legal Attache [redacted] at Managua, Nicaragua, advised by radiogram on July 30, 1946, that he had confidentially kept the Ambassador advised concerning the Bureau's withdrawal from the SIS Field. The Ambassador advised [redacted] that he had been officially advised by the Department concerning the New Intelligence Group and that he was sending a cable-

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gram to the State Department stating that he desired to see the Office of the Legal Attache in Managua remain open. He also pointed out that if Bureau personnel were to be recalled he desired that the Bureau radio station be left in Managua on the basis of "possible political developments in Nicaragua demanded that it be available for use at any time".

On August 2, 1946, Legal Attache [redacted] at Asuncion, Paraguay, advised that from a confidential source he had learned that the following message had been radiogramed to the State Department by the Ambassador concerning the Bureau's withdrawal from the SIS Field: b7C

"WITH REFERENCE TO REPORT REACHING ME THAT LEGAL ATTACHES WILL BE WITHDRAWN FROM LATIN AMERICA, I SHOULD LIKE RESPECTFULLY STATE THAT IN MY OPINION IT IS IMPOSSIBLE IN THIS ONE WORLD TO DRAW A LINE OF DEMARKATION BETWEEN FOREIGN AND DOMESTIC INTELLIGENCE. I BELIEVE IT IS GENERALLY RECOGNIZED THAT FBI HAS DONE AN OUTSTANDING JOB IN DOMESTIC INTELLIGENCE. IT WAS TO BE EXPECTED IT WOULD DO AN OUTSTANDING JOB IN FOREIGN INTELLIGENCE, AND ACCORDING TO MY OBSERVATIONS AND REPORTS FROM COLLEAGUES, IT HAS DONE EXACTLY THAT. FAR FROM VIEWING WITH COMPLACENCY WITHDRAWAL OF FBI FROM LATIN AMERICA, I BELIEVE ITS ACTIVITIES SHOULD BE EXTENDED TO REST OF WORLD. THE LEGAL ATTACHE HAS BEEN MOST HELPFUL TO US. IN BACKGROUND, TRAINING, EDUCATION, KEENESS AND COOPERATIVENESS THERE IS IN MY EXPERIENCE NOT EQUALED OR EVEN APPROACHED BY ANY OTHER INTELLIGENCE ORGANIZATION WE HAVE HAD. TO WITHDRAW THEM FROM LATIN AMERICA NOW WOULD IN MY OPINION BE A MISTAKE WHICH I HOPE OUR GOVERNMENT WILL THINK OF TWICE BEFORE MAKING". Signed "Beaulac".

By radiogram dated July 22, 1946 [redacted], Legal Attache at Bogota, Colombia advised that Ambassador Wiley had confidentially advised him of the contents of the cablegram from the Department of State concerning the Bureau's withdrawal from the SIS Field and the fact that the New Intelligence Organization might absorb some of the Bureau's personnel. Wiley advised Johnson that the State Department was in receipt of numerous radiograms from Ambassadors all objecting to the Bureau's withdrawal from the SIS Field and that Wiley himslef had sent a second strongly-worded airgram to the Department of State in which he stated in effect that the elimination of experienced and competent FBI Representatives in Latin America is prejudicial to the functioning of Embassy and that the Offices of the Legal Attache are indispensable. He stated further that the Naval and Military Attaches have nothing to offer in the intelligence field compared with the Offices of the Legal Attaches. He mentioned further that it would take years for a new organization to build up to what the Federal Bureau of Investigation now has.

Legal Attache [redacted] at Bogota, Colombia advised by radiogram dated July 24, 1946, as follows: b7C

"THE AMBASSADOR HAS ADVISED ME CONFIDENTIALLY AND SUGGESTED I PASS ON TO DIRECTOR HOOVER THAT ON JULY 19, 1946, HE SENT A CABLEGRAM TO THE STATE DEPARTMENT IN WHICH HE STATED HIS OPINION THAT IT WOULD TAKE THE NEW b1 b2

[redacted] (S)

(S) [redacted] COMPARABLE TO THE FBI SET UP WITH ITS NETWORK NOW IN LATIN AMERICA. HE FEELS THAT MILITARY AND NAVAL INTELLIGENCE DO NOT HAVE ANYTHING TO OFFER TO FILL UP THE GAP SHOULD FBI DRAW OUT AT THIS TIME. HE STRESSED THE FACT THAT LIAISON OFFICES WERE STARTED UNDER FAVORABLE WARTIME CONDITIONS WHEN THERE WAS GOOD REASON FOR THEIR EXISTENCE. HE SUBMITTED SECOND CABLEGRAM ON JULY 23 IN WHICH HE MAKES SUGGESTION POSSIBLY FBI MIGHT b1 b2

[redacted]

(S) [redacted] THE FBI WOULD CONTINUE ITS COMMUNIST AND SUBVERSIVE INVESTIGAT b1 AND FOLLOW ACTIVITIES OF SUBVERSIVE INDIVIDUALS. IN OTHER WORDS THAT W b2 CONTINUE AS IS. HE SUGGESTED THAT THIS MIGHT BE WORKED OUT OVER FIVE Y PERIOD. HE FEELS THAT IT WOULD BE RUNNING A RISK TO LOSE FBI SET UP WHICH IS NOW AVAILABLE."

b7C

[redacted] Civil Attache at Mexico City by cablegram dated July 26, 1946, advised that the Ambassador (Thurston) was sending a personal and confidential letter to Mr. Spruille Braden highly praising the work of the FBI in Latin America, stating that no other group was capable of adequately handling the Legal Attaches' work and recommending strongly against shutting down the Office of the Civil Attache in Mexico. The letter especially points out the primary importance of coverage of Communist activities. b1 b2

(S) [redacted]

b7C

[redacted] appointed because the Bureau will not allow [redacted] to remain in Panama

b7C

to continue the police liaison work stating that the Panamanian Government had tremendous regard for [redacted] and his work and would like him to continue. Carson explained to [redacted] the Bureau's position in this matter as well as in withdrawing from the SIS Foreign Field. [redacted] advised that he understood the Bureau's position and sympathizes both with the closing of our Panama Office and our withdrawal from Latin America. b7C

By letter dated July 29, 1946, Legal Attache [redacted] at Bogota, Colombia advised that the Office of the Assistant to the Consul at Barranquilla, Colombia, was closed by Special Agent [redacted] on July 27, 1946. All expendable property was turned over to Acting Consul at Barranquilla, Mr. Wilson Clark who expressed his most sincere regrets over the closing of the office and stated that his experience with representatives of the Office of the Legal Attache, both in Colombia and elsewhere, had proven of very great value to him and that he sincerely hoped that the Office of the Assistant to the Consul at Barranquilla would be reopened in the very near future.

(S) [redacted]

b1

b7C

[redacted] Legal Attache at Ciudad Trujillo, D. R. advised by letter dated August 10, 1946, that he had advised the Embassy on July 26, 1946, that the Office of the Legal Attache was being closed and that Bureau personnel were returning to the United States by August 16, 1946. Charge d'Affaires, George F. Scherer expressed regret that the Bureau was terminating its work in Ciudad Trujillo and stated how much he appreciated the valuable service rendered by the Office of the Legal Attache. [redacted] advised further that a Conference was held on July 29th with Embassy Officials at which time Bureau files, et cetera, were discussed. Following the Conference, Mr. Scherer stated that when first advised of the closing of our office he did not realize the loss it would mean to the Embassy, but that during the Conference he had had his eyes opened. [redacted] (S)

b7C

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By letter dated August 15, 1946, Frederick B. Lyon, Director, Office of Controls, Department of State, acknowledged the Director's letter of August 7, 1946, in which the Bureau had advised that our personnel in

Lisbon, Portugal had been instructed to close the office and return to the United States in the immediate future. Mr. Lyon stated that they regretted very much the conditions which made closing the office necessary and they wanted the Director to know that the Department of State felt a great deal of good had been accomplished by our representatives in Lisbon and that they were greatly appreciative.

Mr. Frederick B. Lyon, Director of Office of Controls, Department of State, by letter dated August 15, 1946, acknowledged the Bureau's letter of August 7, 1946, advising that our representatives in Rome, Italy, had been instructed to close the office there and return to the United States in the immediate future. Mr. Lyon stated they regretted very much the conditions which made this action necessary and wanted the Director to know that they deeply appreciated the work done by the FBI representatives in that country.

By letter dated August 15, 1946, Mr. Frederick B. Lyon, Director, Office of Controls, Department of State, acknowledged the Bureau's letter of August 9, 1946, advising that the Bureau was closing the FBI Liaison Office in Tokyo and withdrawing from the Far East. Mr. Lyon expressed the Department's regret over the closing of our office and stated the FBI had performed commendable service in the Far East. He expressed thanks for the aid the FBI representatives had rendered in that territory.

b1

There is being set forth, herewith, a copy of the letter dated August 9, 1946, addressed to the Honorable Spruille Braden by Ambassador George Messersmith of Buenos Aires, Argentina relative to the Bureau's withdrawal from the SIS field:

[redacted] (S)

You know that I have been very much concerned over this whole matter and I have expressed my thoughts very fully to the Department. I do not know very much about what has been done with respect to the major setup but for some reason or other I do not feel very happy about the matter because it looks as though it will be in military hands and that, in itself, does not make me happy from the point of view of performance.

Mr. Carson has been down here and has just left and he was good enough to tell me that, while the plans have not yet sufficiently matured for him to tell me very much of interest, he was authorized to tell me that it was the intention of Mr. Hoover to leave his people [redacted] as he could and as long as I [redacted] b1 (S) This means, I understand, that they will be here for some months longer and I am very grateful. Clegg, who has been sent here, is a very good and discreet man and has already proved his usefulness to me, and is more useful in the way of sound intelligence than anyone we have on the staff outside of a few of our own Foreign Service Officers who get information on certain levels, whereas Clegg gets information that we could not get. I would feel very much handicapped without him and the means he has at his disposal. The longer the status quo can be maintained, the better it will suit me. I told Mr. Carson to say to Mr. Hoover and to Mr. Tamm that the longer they could keep their people here, the better satisfied I would be." b7C

There is being quoted below, a letter addressed to the Director from the Honorable Robert M. Scotten, American Ambassador at Quito, Ecuador dated August 17, 1946, relative to the recall of Legal Attache [redacted]

"I have just heard that Mr. [redacted] our Legal Attache is due to return in a few days from his vacation in the United States. I understand that his transfer to a domestic assignment is contemplated. I cannot tell you how distressed I am at the prospect of losing [redacted] especially at the present time. b7C

He has proved invaluable to me especially since in the three years he has been stationed here he has come to know all sides of Ecuadoran political life, including all of the Ecuadoran officials in key positions. Furthermore, his assistance in dealing with the German cases, with which you are undoubtedly familiar, has been invaluable to me. These cases, I might add, are being processed at the present time, and it will take some time to clean them all up. Mr. [redacted] is the only survivor of the group of your officers who carried on the investigation, and when [redacted] leaves, it means that all links with the past are severed. Furthermore, as you have probably been told, the political situation in Ecuador is in a ferment. President Velasco forced the Assembly to reelect him practically at the point of the bayonet. The Assembly is resentful at this, and I am fearful we are going to have trouble here in from three to six months. To take [redacted] out of here at the present time, therefore, would be like cutting off my right arm, and I do hope you will find it possible to leave him here for the time being until (1) the German cases are disposed of, and (2) until the political situation settles down. b7C

You may recall that when I saw you in Washington about a year ago, I told you of the high regard in which I held your organization in Latin America. I make bold to repeat at this time that I think you have done a perfectly splendid job and that I for one will regret very much the change which your Mr. Carson explained to me on his recent trip, is imminent.

With kindest personal regards and hoping that you can see your way clear to go along with the above request, I am"

Assistant Secretary of State, Spruille Braden, by letter dated August 26, 1946, wrote the Director as follows:

b7C "This Department has received a communication from United States Ambassador Joseph Flack at La Paz, Bolivia, making special commendation of [redacted], the Legal Attache and [redacted], Assistant Legal Attache, for their splendid cooperation and devotion to duty during the recent revolution in that country.

b7C Ambassador Flack stated, 'I was in almost constant consultation with all of these officers' - among whom he mentioned by name [redacted] and [redacted] - 'whose diligent helpfulness, advice and loyalty were of the highest order.'

It is a great pleasure to me to inform you of this message from our Ambassador to Bolivia to which I desire to add my appreciation personally for the fine work of these officers."

By letter dated August 30, 1946, Major General C. A. Willoughby of the United States Army Forces in the Pacific wrote to the Director as follows:

"This is in reply to your letter of August 9. I am glad you found the "Daily Intelligence Summary" of interest; ten (10) copies go to G-2, War Department; it may be possible to direct one of them to you. I trust that the very profitable link between this Section and your Department can be maintained in the future, as long as we are confronted with subversive factors and personalities, often leading back to the United States. b1

[redacted] (S)

this, as our association with your representatives has been most pleasant and useful; I regret very much the enforced separation.

I take this occasion to express my high regard and appreciation for your [redacted], who has shown great tact and fine judgment. He has made sincere friends in our sections and we regret his departure. 7C

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There are set forth the contents of a letter forwarded to the State Department by Mr. Reginald S. Castleman, Consul at Porto Alegre, Brazil, where Agent [redacted] served as Police Liaison Officer:

[redacted] b1 (S)

[redacted] superiors in the Federal Bureau of Investigation have withdrawn him from Porto Alegre, and he recently left for the United States. As the Consulate found it particularly satisfactory to have him in its staff, I feel it is appropriate to report this fact and to note certain particulars in his regard which were observed during the period of his duty here. b7C

He showed himself to be a man of steady and industrious working habits. He is shrewd in his appraisement of men and facts. Above all, he is a man who gets along admirably with the Brazilians. He made a solid place for himself among the members of the State of Rio Grande do Sul Police establishment with who, he worked, enjoying both their respect and good will. He appears to like service abroad and should do well in any country where the people are similar to the Brazilians in character and viewpoints.

I should be glad if, the Department approving, these facts might be brought to the notice of the Federal Bureau of Investigation."

There is quoted below the contents of a letter to the Director dated September 17, 1946, from the Ambassador to Cuba, the Honorable Henry Norweb.

"It was very thoughtful of you to send me your letter of September 10, and I appreciated the information concerning the organizational change in intelligence work in Latin America and your comments concerning the close cooperation which has existed between your representatives and the Department of State representatives in the Embassies where I have been Chief of Mission.

It has always been most satisfying to work with the FBI representatives, not only in the Americas, but also in Europe, during

~~SECRET~~

the period when I was Ambassador at Lisbon. I have developed a very high regard for your entire organization, and it must be apparent to all interested persons that the FBI personnel performed an outstanding service to the Nation throughout the war, to say nothing of their effective post-war and peace time activities. Their withdrawal from Latin America marks the end of an era, an era of pioneering and substantial accomplishment.

Among the more satisfying aspects of the close cooperation that has existed between the FBI and State Department personnel under my own immediate supervision has been the opportunity for a personal relationship with you which I have greatly prized. I sincerely hope that our paths may cross frequently in the years to come, and I take this opportunity to express my very best wishes to you for the future."

There is quoted below a letter to the Director dated September 17, 1946, from former Assistant Secretary of State, Adolf A. Berle, Jr.

"Thank you for your kindly personal and confidential letter of September 10 which unhappily confirms a report I have seen in the Press. To my mind, the Government is making a mistake; but I can readily understand your own position.

You are a better judge than I as to whether the time has come to tell the story of the western hemisphere operation. Told or not, it is the story of a great piece of work. I do not think a similar operation has ever been carried on; and I can personally attest to the brilliance of its results. Through your efforts we were able to break one espionage ring after another; and there was no major case of sabotage in all South America after the system was in operation. In a field in which cooperation is peculiarly difficult, common ground was found with practically all of the governments involved, and the resulting work was properly considered by them not as an intrusion into their affairs but a substantial help in mutual defense.

I had reason to be personally grateful to the FBI on many occasions, but as Assistant Secretary of State and as Ambassador; and if the incident is closing now, you and your associates have every reason to look back on it as a piece of distinguished service to the country in a difficult sector and during a most dangerous time.

I hope the time may come when our paths will cross again If I can be of any assistance, please let me know.

With kindest personal regards to yourself and to the men with whom you worked in that task, I am,"

There is quoted below a letter dated September 18, 1946, to the Director, from Mr. Frederick B. Lyon of the State Department.

"I thank you most sincerely for the many kind things you have to say in your letter of September 10, relative to the cooperation which it has been our real privilege and pleasure to extend to your Bureau during the trying days of the war. While, of course, I was aware of the decision that had been reached to the effect that FBI would withdraw from the field of intelligence coverage in the other American Republics, still to see it in black and white in your letter made my heart heavy.

As I have told you before, never in my long Government experience have I known of such a thorough and complete cooperation as that existing between your Bureau and the Department. This splendid spirit emanating with you is felt throughout your entire organization. It has been reflected noticeably in this office. I believe that it was largely do to that spirit that our work has been accomplished so successfully.

I sincerely trust that the discontinuance of your activities in the other American Republics will not mean the termination of our official or personal association. I am sure that there will continue to be problems of a mutual interest, and I want you to know that you can rely on this office for its full cooperation and assistance.

With best wishes and kind personal regards,"

By letter dated September 17, 1946, Ambassador William D. Pawley at Rio de Janeiro, Brazil, wrote to the Director as follows:

"I greatly appreciate your letter of September 10, although it distresses me more than I can tell you to known that the Federal Bureau of Investigation is preparing to withdraw its personnel from the field. As I wrote you recently, I expect to be in Washington the latter part of this month and will look forward to an opportunity of discussing this whole subject with you at that time."

Honorable Joseph Flack, Ambassador at La Paz, Bolivia, in a letter to the Director dated September 17, 1946, wrote as follows:

"I wish to thank you for your very kind letter of September 10, 1946, in which you intimated the imminent withdrawal of the FBI personnel from the field of intelligence coverage in the American republics and the turning over of responsibility to [redacted] b1 (S).

Having worked with so many members of the FBI personnel both in Venezuela and in Bolivia in the years since 1941, and having seen the development of the techniques and understanding of the task which confronted the FBI representatives, I can only express my deep regret at the prospect of their departure from the field in which they have attained such great facility and usefulness in such a brief time.

I am deeply grateful for the kind expression of your appreciation of the cooperation which I was able to offer in these past years to the FBI personnel in our joint efforts on behalf of our Government and people, and it is a real satisfaction to learn from you that my efforts may have in some small way contributed to their success. It has for me been a gratifying experience to be able to work in the fullest cooperation with them. The expressions of your personal thanks for anything that I may have contributed in these recent years is particularly appreciated."

Honorable Edwin J. Kyle, American Ambassador at Guatemala, in a letter to the Director dated September 18, 1946, wrote as follows:

"Your letter of the 10th was given to me this morning by Mr. Dacy and has been read with much interest and appreciation.

I want to commend your organization on the high type of men you have had here in Guatemala. I have been especially impressed with Mr. [redacted] He would be a credit to any institution. He also has a very fine wife. b7C

I can also speak in the highest terms of [redacted]

We regret exceedingly to lose the services of these men, but I think I can understand the desire of our Government to economize."

By letter dated September 20, 1946, the Honorable Spruille Braden, Assistant Secretary of State, wrote to the Director as follows:

"Please accept my sincerest thanks for the very generous remarks contained in your September 10 letter. I deem it an honor to be the recipient of these words of praise from a source of such distinction and authority.

On behalf of the Department, as well as on my own account, I can state in all truth that under your splendid leadership the Federal Bureau of Investigation has carried out in a most admirable and efficient manner the intelligence work in Latin America.

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I shall always cherish the recollections of the happy and successful association I have been privileged to enjoy with you and your staff. Also I shall look forward to continued cooperation with you whenever the occasion may arise.

I thank you again for writing as you did and shall always treasure your letter as a token of friendship and understanding cooperation."

By letter dated September 20, 1946, Ambassador Walter Thurston of Mexico City, D. F., acknowledged the Director's letter of September 10, 1946, as follows:

"I think you know that I have had the highest admiration for the Federal Bureau of Investigation both as a domestic and as a Latin American wartime organization. Its services to our country have been great."

Ambassador Prentice Cooper by letter dated September 23, 1946, wrote as follows from Lima, Peru:

"Thank you very much for your kind letter of September 10, 1946, which I have just received. Permit me in reply to say that I have never worked with a finer group of young men than those of the Federal Bureau of Investigation associated with this Embassy. They have more than lived up to my expectations on all occasions, and I sincerely regret that the Bureau is withdrawing its personnel from this field.

b7C

I would like to compliment Mr. [redacted] and especially Mr. [redacted] who succeeded him. Mr. [redacted] has recently returned from a special assignment to investigate the current situation at Talara and jail conditions at Piura, all of which he has done to my entire satisfaction. If I had the power to promote Mr. [redacted] I would do so."

Assistant Secretary of State Spruille Braden, by letter dated September 24, 1946, expressed his appreciation for the copy of the Bureau's monograph entitled, "French Activities in Latin America".

Ambassador George H. Butler at Ciudad Trujillo, Dominican Republic, in a letter to the Director dated September 25, 1946, wrote as follows:

"I have just succeeded Mr. McGurk as American Ambassador to the Dominican Republic. Your letter of September 10 to him was forwarded to the Embassy here, but I am sending it on to Montevideo where he now has been named as Ambassador.

In 1940, Sam Foxworth and I were together on the Latin American visits made to study the representation of American business by Axis nationals. A firm friendship resulted from that association, which ended only with Sam's tragic death. It was my good fortune to work later with Heber Clegg, [redacted] and other officers of the Bureau. I have a very high regard for the loyalty, efficiency and cooperativeness of officials of the Bureau. You are to be congratulated on your organization.

b7C

These are among the reasons why I greatly regret the departure of Mr. [redacted] from Ciudad Trujillo before my arrival. His absence leaves a gap we cannot fill. I was counting upon his valuable contribution to the

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work of the Embassy. Had I known that the closing of the Office of the Legal Attache here was so imminent, I would have appealed to you personally to help us out for a while longer. I hope that you will be able to do that at other posts in Latin America."

Horacio Cespesdes, Director, Corps of Investigation and Vigilance, at Lima, Peru in a letter to the Director dated August 26, 1946, wrote as follows:

"With much pleasure I am addressing this letter to send you with first, my cordial greetings, and second, to advise you of the satisfactory manner in which Messrs. [redacted] members of the F. B. I. which you so brilliantly direct, are fulfilling their mission.

b7C

Messrs. [redacted] have already begun with much competence the task which my Government entrusted to them consisting of the technical preparation of the personnel of the Corps of Investigation and Vigilance which I direct, and because of this fact, in the name of said personnel, I am very happy to express to you my deepest appreciation.

The work of Messrs. [redacted] is being developed in three parts: the first was the preparation of the Chiefs, and is already completed; the second, for the Subaltern Officers, is about to begin; and the third, for the Auxiliaries will immediately follow that of the Officers.

I find myself very pleased, Mr. Director, with the work of Messrs. Doyle and Garcia, and I am sure that I shall have the same satisfaction when their work is completed, therefore I wished to let you know in advance of my appreciation because I feel it to be simply an act of justice to these two magnificant servants of the F. B. I."

Colonel W. A. Muller, Commissioner of Police, Trinidad and Tobago Police Force, Port-of-Spain, Trinidad, in a letter to the Director dated October 4, 1946, wrote as follows:

"It was extremely kind of you to write and congratulate me on the recent honour conferred on me and I am very glad indeed to have your good wishes and regards.

I would like to state that Special Agent Frank M. Fawcett has been of the greatest assistance to me on many occasions and I was very glad indeed to see him here recently.

You may be assured of the fullest cooperation from this Police Force at all times.

With best wishes,"

By letter dated October 7, 1946, Retiring Ambassador to Uruguay, the Honorable William Dawson, wrote to the Director as follows:

"This is a belated acknowledgement of your very kind letter of September 10 concerning the withdrawal from Montevideo of the personnel of the Bureau. The letter was forwarded to me from Montevideo and reached me

here in Washington. I left Uruguay in August and I am presently on consultation in the Department of State.

I am most grateful to you for your expression of appreciation for what my staff and I were able to do in cooperation with the Bureau and its representatives in their important and exacting work. In turn, I wish to express my very deep appreciation for the splendid assistance which the Embassy received from the Bureau and its staff. I want also to let you know how greatly I enjoyed my official and personal association with your representatives in Montevideo. It was a source of gratification to me to have them as members of our official family and I shall always remember them not only as extremely efficient collaborators with the Embassy but also as friends, all of whom I hope to see again from time to time.

In this connection, I should like to recall the very interesting and pleasant interview which I had with you in your office when I was there in January.

With renewed thanks for your letter and every good wish".

The Honorable Fletcher Warren, Ambassador to Nicaragua, in a letter to the Director dated October 7, 1946, wrote as follows:

"Permit me to acknowledge with warm appreciation the receipt of your personal and confidential letter of September 10, 1946, regarding new plans for intelligence work in Latin America. I sincerely regret the action that takes FBI from this field. I believe that action is not in the best interests of the United States. As an American I am proud of the work which you and your organization did in this field during the war years. I have enjoyed whatever cooperation I was able to contribute. You may be sure that I shall always stand ready to be of service and that I shall watch with pleasure the continued success of you and the FBI staff."

By letter dated September 18, 1946, Mr. Jack D. Neal of the State Department forwarded to the Bureau a Despatch from Charge d'Affaires, George F. Scherer at the American Embassy in Ciudad Trujillo, D. R., which reads as follows: b7C

"In connection with the recent departure of Mr. [redacted] Legal Attache, from Ciudad Trujillo, I have the honor to report that his services have been outstanding.

Mr. [redacted] was able to establish discreet and staisfactory contacts within a few weeks of his arrival, all of which he maintained effectively until he left. His work was of the highest caliber. Industrious, highly competent, unusually pleasant and easy to work with, Mr. [redacted] performed exceptional work during his assignment at this post. It was a distinct loss to the Embassy to have him transferred.

It is hoped that a copy of this despatch will be made available to the Department of Justice."

By letter dated November 21, 1946, Ambassador Joseph F. McGurk, wrote to the Director as follows from Montevideo, Uruguay:

"Ambassador Butler at Ciudad Trujillo has sent on to me your personal and confidential letter of September 10, 1946, informing me of the closing out of the work of your Bureau in the Latin American Field. I must say that I regret to see this move, whatever may be the result. My experience with your operators Heber Clegg, the late lamented Sam Foxworth and recently [redacted] were most pleasant and productive. We have a young operator here, Mr. [redacted], whom I have just met, having arrived only a day or two ago. He seems to be doing an excellent job and has a very fine set-up here. It is really too bad that we must lose him. b7C

I assure you it has been a very great pleasure to work with you and your assistants and I hope we can always cooperate with you at any time in the future."

Ambassador John C. Wiley, American Embassy, Bogota, Colombia, by letter dated December 6, 1946, wrote to the Director as follows:

"I have received with much appreciation and with great interest your letter of September 10, 1946, in which I am informed that the Office of the Legal Attache in this Embassy is preparing to withdraw. Its work has been admirable and its functions have never been more important than now. We have had a politico-labor situation here which has been of vital importance to American interests.

The Office of the Legal Attache has been most valuable to us. I can only add that it has worked with complete discretion and tact, and that during the two years I have been here it has not caused me a single worry or concern of any kind. I shall lament its departure.

In the meantime I once again reiterate my deep appreciation of the loyal, helpful and wholehearted cooperation I have received from your admirable organization." b7C

A copy of the following letter, dated February 10, 1947, addressed to [redacted] Legal Attache at Montevideo, Uruguay by Ambassador J. F. McGurk of the American Embassy in Montevideo, was received by the Director:

"Today you will turn over your affairs to the Mission and leave us. Before your departure I want you to know how much your services have been appreciated. Your tact, ability and wholehearted cooperation with the Embassy and staff are worthy of the highest commendation and your record here under my distinguished predecessor and during my tenure of office have been exemplary.

With every good wish for your continued success and personal welfare, in which the entire staff joins, I am,"

The Department of State by letter dated February 25, 1947, transmitted a copy of Despatch #1830 from the Ambassador at Buenos Aires, Argentina

re "Relinquishment of Duties of Mr. Heber M. Clegg as Legal Attache". This Despatch was addressed to the Secretary of State and reads as follows:

"I have the honor to inform the Department that Mr. Heber M. Clegg, who for the past eight months has been assigned to this Embassy as Legal Attache, relinquished his duties on February 10 and will within the next few days be returned to the United States for reassignment.

Mr. Clegg arrived in Buenos Aires but a few days after I had presented my letters of credence and since that time I have had close and constant contact with him and have had an opportunity of observing his work and methods of operation. He has been diligent and discreet in his activities, tactful and friendly in his relations with local authorities, and completely cooperative with this Mission. His services and those of his associates have been placed freely at the disposition of officers of the Embassy, and the information which he has been able to provide for us has been valuable and most helpful.

It is a matter of sincere regret to me that Mr. Clegg is leaving Buenos Aires, but I of course understand the necessity thereof. I desire to record my wholehearted satisfaction with Mr. Clegg's personal and official activities during the time he served under me, and I should be glad if the Department would see that a copy of this despatch is transmitted to the appropriate agency in Washington for inclusion in his service record."

Fred B. Lyon of the State Department wrote the following personal letter to the Director on March 13, 1947, concerning our Attache in Paris, France - HORTON R. TELFORD:

"It would be unfair of me not to write to you concerning commendatory word that has been relayed to me from our Embassy in Paris concerning your representative there, Horton Telford.

I want to bring this commendation to your attention and to take the liberty of suggesting that you may care to have it attached to his personnel record. He is doing a splendid job there and has been of real service to our Mission. He is well liked not only by the Ambassador but by the other Officers on duty there. He enjoys the confidence and respect of our Embassy.

Let me add my own word of appreciation for the splendid work that has been extended by Mr. Telford to our people in Paris."

The following letter was received by the Director from Ambassador Fletcher Warren at Managua, Nicaragua. The letter was dated March 28, 1947.

"It was with regret that I saw the work of the Legal Attache in Managua come to an end yesterday. I have watched the operation of the Federal Bureau of Investigation and its men abroad with keenest interest. As an American taxpayer and official I am proud of what has been accomplished. As

an American citizen I am grateful for the outstanding service. May I wish the retiring clerks and officials and the Bureau every success in the years to come."

On April 29, 1947, the Department of State forwarded to the Bureau a copy of Despatch #1071, dated March 11, 1947, at La Paz, Bolivia. The Despatch was addressed to the Secretary of State by Ambassador Joseph Flack and read as follows:

"I have the honor to report that the Legal Attache of this Embassy, Mr. [redacted] who has been on duty in this Embassy from mid 1945 to March 4, 1947, departed for the United States on that day as reported in my telegram 214 of March 6. b7C

I desire to take this occasion to commend Mr. [redacted] most highly for the quality of his work at this mission since my arrival here in July 1946. Shortly after the Bolivian revolution of July 21, 1946 took place and although Mr. [redacted] was then an Assistant Legal Attache under direction of Mr. [redacted] rendered most valuable services to the Embassy in collecting and telephoning spot information of the developments which were taking place in various parts of the city. He was constantly in the thick of the fighting and action and was consequently informed up to the minute at all times as to what was going on in the streets. In addition to that his untiring assistance in endeavoring to aid Americans who needed help was of the highest order.

Since the departure of Mr. [redacted] several months ago, Mr. [redacted] has been in charge of the legal Attache's office and at all times has cooperated with the greatest promptness and fullness with the other members of the Embassy. He has been very alert to supply information which he thought would be useful. His personality is most agreeable and I have found him to be a most effective official. I trust that the Department may find it convenient to transmit this commendation of Mr. [redacted] to the Federal Bureau of Investigation in order that it may be incorporated to Mr. [redacted] record."

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VII - MASTER LIST OF SPECIAL AGENTS AND SPECIAL EMPLOYEES ASSIGNED TO SIS

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Buenos Aires, Argentina	7/43-12/43	Undercover
		Asuncion, Paraguay	11/45-2/47	Legal Attache
		Manila, P. I.	7/45-7/46	Army
		Quito, Ecuador	5/42-11/42	Undercover
		Victoria, Brazil	11/42-2/44	Official
		Belem, Brazil	2/44-2/45	Official
		Port au Prince, Haiti	2/45-7/46	Legal Attache
		Panama City, Panama	3/42-2/43	Undercover
		Buenos Aires, Argentina	2/43-3/44	Undercover
		Guatemala City, Guatemala	11/45-8/46	Undercover
		Panama City, Panama	8/46-3/47	Undercover
		Panama City, Panama	6/42-5/44	Undercover
		Buenos Aires, Argentina	5/44-6/46	Undercover
		Panama City, Panama	6/46-3/47	Undercover
		Panama City, Panama	7/42-12/45	Undercover
		Buenos Aires, Argentina	12/45-4/46	Undercover
		Panama City, Panama	4/46-3/47	Undercover
		Havana, Cuba	4/43-12/43	Undercover
		Santiago, Chile	19/43-2/44	Undercover
		Tegucigalpa, Honduras	10/44-12/44	Undercover
		Sao Paulo, Brazil	3/45-9/46	Police Liaison
		Buenos Aires, Argentina	8/43-11/43	Undercover
		Mazatlan, Mexico	3/42-8/42	Undercover
		Bucaramanga, Colombia	4/42-8/43	Official
		Algeria	10/43-11/45	Army
		Tegucig[illegible], Honduras	4/45-4/47	Police Liaison
		Mexico City, Mexico	4/47-12/47	Official
		Lima, Peru	2/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-4/43	Plant Survey
		Montevideo, Uruguay	5/6/43-5/28/43	Plant Survey

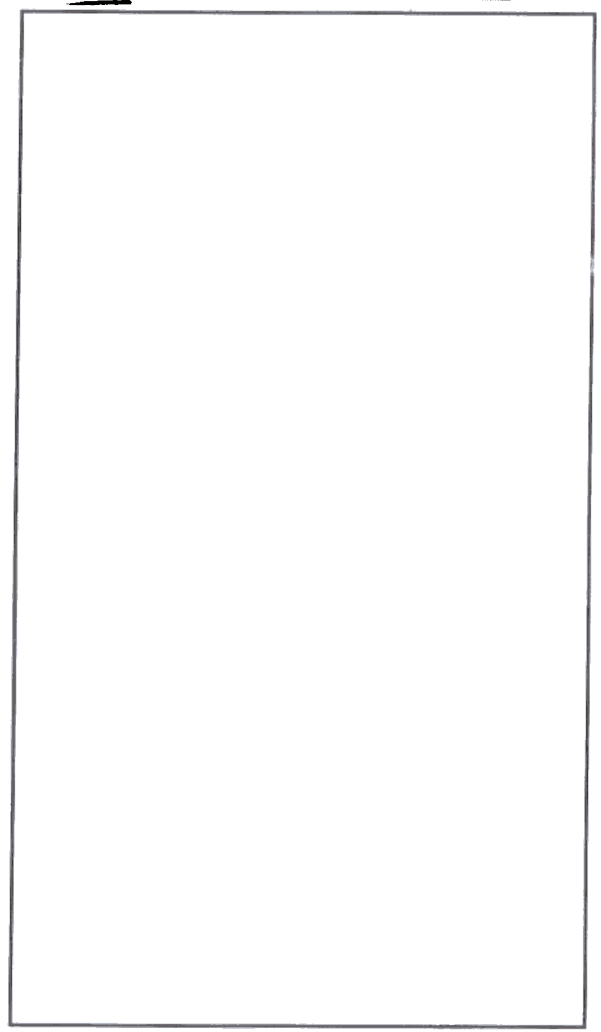
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NAME SIS NO.



PLACE	DATE	ASSIGNMENT
Recife, Brazil	10/42-8/43	Undercover
La Paz, Bolivia	8/43-1/45	Official
Santiago, Chile	1/45-5/46	Official
La Paz, Bolivia	5/46-10/46	Legal Attache
La Paz, Bolivia	6/42-1/43	Undercover
Asuncion, Paraguay	2/43-12/43	Official
Lima, Peru	2/42-3/43	Plant Survey
Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
Santiago, Chile	2/42-12/43	Official
Mexico City, Mexico	12/43-3/44	Official
Buenos Aires, Argentina	3/44-2/46	Official
Mexico City, Mexico	7/46-2/47	Official
Havana, Cuba	7/42-12/42	Undercover
Guatemala City, Guatemala	1/43-12/43	Undercover
Bogota, Colombia	5/42-10/42	Undercover
Mexico City, Mexico	10/43-4/46	Undercover
Travel in Italy	8/44-3/45	Army
Port au Prince, Haiti	1/42-4/43	Legal Attache
France and Germany	9/44-10/45	Army
Antiofagasta, Chile	10/41-9/42	Undercover
Santiago de Cuba, Cuba	9/42-1/44	Official
Havana, Cuba	1/44-9/44	Official
Travelin Italy	8/44-9/45	Army
Havana, Cuba	7/44-9/44	Undercover
Tegucigalpa, Honduras	7/42-2/43	Undercover
Bogota, Colombia	2/43-12/43	Undercover
Buenos b7C b2 Argentina	7/44-6/46	Official
Managua 'agua	6/46-4/47	Legal Attache
Bogota, olombia	11/42-1/44	Undercover
Guatemala City, Guatemala	8/43-4/44	Undercover
Rosario, Argentina	8/41-11/42	Undercover
Santiago, Chile	11/42-7/43	Official

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670

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Quito, Ecuador	7/45-3/47	Police Liaison
		Lima, Peru	4/43-9/43	Undercover
		Bogota, Colombia	9/43-12/43	Undercover
		Mahr, Peru	2/43-6/43	Plant Survey
		Santiago, Chile	8/43-9/43	Undercover
		Buenos Aires, Argentina	9/43-11/43	Undercover
		Port au Prince, Haiti	9/40-11/40	Official
		Mexico City, Mexico	4/43-12/43	Undercover
		Guadalajara, Mexico	12/43-7/44	Undercover
		London, England	1/43-11/43	Official
		Ottawa, Ontario, Canada	1/44-Present	Official
		Mexico City, Mexico	7/45-3/46	Undercover
		Porto Alegre, Brasil	8/41-1/44	Official & Undercover
		Caracas, Venezuela	4/43-6/46	Official
		Montevideo, Uruguay	6/46-7/46	Official
		Port au Prince, Haiti	1/43-12/43	Official
		Port au Prince, Haiti	6/44-11/44	Official
		Port au Prince, Haiti	2/45-4/45	Legal Attache
		Santiago, Chile	4/45-3/47	Legal Attache
		Manzanillo, Mexico	8/41-6/42	Undercover
		Quito, Ecuador	8/42-10/43	Official
		Caracas, Venezuela	5/43-12/43	Official
		Mexico City, Mexico	10/42-5/43	Undercover
		Quito, Ecuador	6/43-10/43	Official
		Buenos Aires, Argentina	10/43-11/43	Undercover
		Sao Paulo, Brazil	12/42-6/43	Undercover
		Rio de Janeiro, B b2 b7C	6/43-1/44	Undercover
		Buenos Aires, Arg	4/45-7/45	Undercover
		Natal, Brazil	6/41-6/42	Undercover
		Rio de Janeiro, Brazil	6/42-11/42	Undercover
		Rio de Janeiro, Brasil	12/42-12/44	Legal Attache

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671

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		San Luis Potosi, Mexico	5/43-2/44	Undercover
		Mexico City, Mexico	5/44-1/46	Undercover
		Bogota, Colombia	7/42-5/43	Undercover
		Valparaiso, Chile	8/43-3/44	Undercover
		Mexico City, Mexico	3/44-8/44	Official
		Asuncion, Paraguay	9/44-9/46	Legal Attache
		Buenos Aires, Argentina	8/43-11/43	Undercover
		Bogota, Colombia	9/43-6/44	Official
		Buenos Aires, Argentina	6/44-10/44	Official
		Caracas, Venezuela	1/43-1/44	Undercover
		Lima, Peru	10/42-1/44	Undercover
		La Paz, Bolivia	7/44-8/45	Undercover
		Buenos Aires, Argentina	8/45-4/46	Undercover
		Mexico City, Mexico	9/42-2/43	Undercover
		Mexico City, Mexico	2/43-11/43	Undercover
		Mexico City, Mexico	12/43-6/46	Undercover
		Mexico City, Mexico	10/43-11/43	Undercover
		Barranquilla, Colombia	6/41-8/42	Undercover
		San Salvador, El Salvador	8/42-9/43	Legal Attache
		Buenos Aires, Argentina	9/43-1/44	Official
		Caracas, Venezuela	1/44-12/45	Legal Attache
		Concepcion, Chile	11/42-9/43	Undercover
		Santiago, Chile	9/43-12/43	Undercover
		Guayaquil, Ecuador	8/44-1/45	Official
		San Salvador	1/45-4/47	Legal Attache
		Quito, Ecuador	6/43-10/43	Undercover
		Buenos Aires, Argentina	8/45-2/46	Official
		Santiago, Ch	3/43-6/43	Undercover
		Bogota, Colombia	3/45-3/47	Official
		Montevideo, Uruguay	5/45-2/47	Undercover
		Monterrey, Mexico	4/41-10/41	Undercover
		Buenos Aires, Argentina	11/42-11/43	Undercover
		Havana, Cuba	7/40-5/43	Undercover & Official
		La Paz, Bolivia	5/43-11/43	Legal Attache

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672

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Natal, Brazil	6/42-11/42	Official
		Porto Alegre, Brazil	1/44-10/46	Police Liaison
		Rio de Janeiro, Brazil	4/41-6/43	Undercover
		Santiago, Chile	9/41-9/42	Undercover
		Havana, Cuba	9/42-11/44	Official
		Buenos Aires, Argentina	7/45-8/46	Official
		La Plata, Argentina	11/42-2/44	Undercover
		Buenos Aires, Argentina	2/44-3/44	Undercover
		Montevideo, Uruguay	3/44-4/44	Undercover
		Ciudad Bolivar, Venzuela	2/43-12/44	Undercover
		Buenos Aires, Argentina	9/41-12/42	Undercover
		La Paz, Bolivia	2/43-1/44	Undercover
		Havana, Cuba	1/44-4/44	Undercover
		Bogota, Colombia	4/44-6/44	Police Liaison
		Rome, Italy	6/45-10/45	Army
		Santiago, Chile	10/43-1/44	Undercover
		Cuenca, Ecuador	9/43-2/44	Undercover
		Bogota, Columbia	2/44-12/44	Undercover
		La Paz, Bolivia	6/43-11/43	Official
		Buenos Aires, Argentina	8/45-1/46	Official
		Hamilton, Bermuda	9/41-2/43	Official
		Buenos Aires, Argentina	6/43-5/45	Official
		Lima, Peru	2/46-4/47	Official
		Montevideo, Uruguay	5/43-12/43	Undercover
		Rio de Janeiro, Brazil	7/46-13/46	Official
		Buenos Aires, Argentina	10/43-11/43	Undercover
		Bogota, Colombia	6/45-4/46	Undercover
		Valparaiso, Chil	4/46-3/47	Official
		Montevideo, Uruguay	2/43-1/44	Undercover
		Caracas, Venezuela	5/41-8/42	Undercover
		Mexico City, Mexico	2-43-8-43	Official
		Buenos Aires, Argentina	6/45-2/46	Undercover
		Carupano, Venzuela	12/42-10/43	Undercover
		Caracas, Venzuela	1/44-1/46	Undercover

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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Montevideo, Uruguay	11/42-2/45	Undercover
		Havana, Cuba	4/45-8/45	Undercover
		Lima, Peru	5/43-12/43	Undercover
		Havana, Cuba	9/42-2/45	Undercover
		Bogota, Colombia	2/45-4/47	Undercover
		Buenos Aires, Argentina	3/45-1/46	Undercover
		Caracas, Venezuela	5/42-1/43	Undercover
		Arequipa, Peru	3/43-12/43	Official
		Buenos Aires, Argentina	10/42-3/44	Undercover
		Lima, Peru	3/44-7/46	Official
		Mexico City, Mexico	8/43-4/47	Undercover
		London, England	3/43-Present	Legal Attache
		Buenos Aires, Argentina	2/42-9/42	Undercover
		Arcica, Chile	11/42-12/43	Official
		France and Germany	1/45-10/45	Army
		Bahia Blanca, Argentina	8/42-5/43	Undercover
		Guatemala City, Guatemala	8/43-9/44	Legal Attache
		Santiago, Chile	4/45-12/45	Undercover
		La Paz, Bolivia	7/41-6/42	Undercover
		Bogota, Colombia	6/42-1/45	Legal Attache
		Mexico City, Mexico	10/40-12/40	Undercover
		Lima, Peru	5/41-7/41	Official
		La Paz, Bolivia	8/41-9/41	Official
		Rio de Janeiro, Brazil	3/45-6/46	Legal Attache
		Buenos Aires, Argentina	6/46-3/47	Legal Attache
		Montevideo, Uruguay	8/41-7/42	Undercover
		Barranquilla, Colombia	7/42-4/44	Official
		Managua, Nicaragua	4/44-2/45	Legal Attache
		Lima, Peru	3/43-11/43	Undercover
		Cuzco, Peru	11/43-3/44	Undercover
		Valparaiso, Chile	8/44-12/44	Undercover
		Havana, Cuba	1/46-3/46	Undercover
		Guaymas, Mexico	11/41-6/42	Undercover
		Osorno, Chile	4/43-12/43	Undercover
		France and Ger	5/45-11/45	Army

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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Buenos Aires, Argentina	6/42-10/43	Undercover
		Havana, Cuba	7/46-3/47	Undercover
		Port-au-Prince, Haiti	10/41-8/42	Undercover
		Ciudad Trujillo, D. R.	8/42-10/42	Undercover
		Caracas, Venezuela	6/43-11/43	Official
		Buenos Aires, Argentina	5/46-7/46	Official
		Buenos Aires, Argentina	10/43-12/43	Undercover
		Montevideo, Uruguay	3/44-6/44	Travel Status
		Rio de Janeiro, Brazil	3/44-6/44	Travel Status
		Belem, Brazil	3/44-6/44	Travel Status
		Guatemala City, Guatemala	6/44-4/45	Undercover
		Mexico City, Mexico	4/43-5/44	Undercover
		Mexico City, Mexico	9/44-3/45	Undercover
		San Salvador, El Salvador	3/45-9/46	Undercover
		Valparaiso, Chile	11/41-9/42	Official
		Havana, Cuba	9/42-10/42	Official
		Antilla, Cuba	10/42-4/43	Official
		Havana, Cuba	4/43-8/43	Undercover
		Sao Paulo, Brazil	12/42-6/43	Undercover
		Rio de Janeiro, Brazil	10/43-12/43	Undercover
		Tegucigalpa, Honduras	3/42-7/42	Official
		Rio de Janeiro, Brazil	1/43-1/45	Undercover
		Buenos Aires, Argentina	10/42-2/44	Undercover
		Montevideo, Uruguay	6/45-1/46	Official
		Havana, Cuba	1/46-8/46	Legal Attache
		Ciudad Trujillo, D. R.	1/47-10/47	Official
		Mexico City, Mexico	3/42-10/42	Undercover
		Talara, Peru	10/42-12/43	Official
		Concepcion, C[illegible]		

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675

NAME	SIS NO.	PLACE		ASSIGNMENT
		Lima, Peru	11/42-7/44	Undercover
		Mexico, D. F.	7/44-11/45	Undercover
		Bogota, Colombia	3/46-3/47	Official
		Montevideo, Uruguay	3/42-12/42	Undercover
		Rio de Janeiro, Brazil	1/43-8/43	Official
		Buenos Aires, Argentina	9/43-1/45	Legal Attache
		Berlin, Germany	2/46-3/46	Official
		Buenos Aires, Argentina	3/42-7/44	Undercover
		Mexico City, Mexico	7/44-3/46	Official
		Montevideo, Uruguay	3/46-7/46	Official
		La Paz, Bolivia	4/43-11/43	Undercover
		Buenos Aires, Argentina	1/42-12/42	Undercover
		Lima, Peru	12/42-12/44	Official
		Managua, Nicaragua	12/44-6/46	Legal Attache
		Lima, Peru	6/46-9/46	Legal Attache
		Bogota, Colombia	9/43-11/43	Undercover
		Santa Fe, Argentina	5/42-9/42	Undercover
		Tocopilla, Chile	10/42-4/44	Official
		Santiago, Chile	4/45-12/45	Official
		Guatemala City, Guatemala	1/46-10/46	Legal Attache
		Belem, Brazil	7/42-1/44	Official
		Santiago, Chile	1/43-12/43	Undercover
		Acapulco, Mexico	5/43-11/43	Undercover
		Guatemala City, Guatemala	12/40-1/41	Undercover
			9/41-1/42	Undercover
		Monterrey, Mexico	12/41-7/42	Undercover
		Ciudad Trujillo, D[illegible]		
			7/42-6/43	Legal Attache
		Bogota, Columbia	7/43-10/43	Police Liaison
		Santiago, Chile	2/42-9/43	Official
		Paris, France	9/44-10/45	Army
		La Paz, Bolivia	5/43-9/43	Official
		Managua, Nicaragua	7/41-3/42	Undercover
		Mexico City, Mexico	12/41-12/43	Legal Attache

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617

NAME	SIS NO.			ASSIGNMENT
		Buenos Aires, Argentina	4/43-5/44	Undercover
		Cali, Colombia	5/44-11/45	Official
		La Paz, Bolivia	11/45-7/46	Official
		Buenos Aires, Argentina	5/42-8/43	Legal Attache
		Ciudad Trujillo, D. R.	11/41-8/42	Undercover
		Buenos Aires, Argentina	2/43-4/44	Undercover
		Guatemala City, Guatemala	4/44-10/44	Official
		Ciudad Trujillo, D. R.	1/45-2/46	Legal Attache
		Sao Paulo, Brazil	5/43-12/43	Undercover
		Ciudad Trujillo, D. R.	5/43-10/44	Legal Attache
		France and Germany	1/45-10/46	Army
		Rio de Janeiro, Brazil	10/43-3/44	Undercover
		Bogota, Colombia	11/41-9/42	Undercover
		Havana, Cuba	9/42-1/45	Official
		La Paz, Bolivia	3/43-10/43	Undercover
		Guadalajara, Mexico	1/43-6/43	Undercover
		Rio de Janeiro, Brazil	12/40-7/41	Undercover
		Buenos Aires, Argentina	6/43-12/43	Undercover
		Tucuman, Argentina	10/42-10/43	Undercover
		Berlin, Germany	3/46-6/46	Official
		Guayaquil, Ecuador	10/43-3/44	Undercover
		Montevideo, Uruguay	3/44-3/45	Undercover
		Managua, Nicaragua	5/45-9/45	Undercover
		Quito, Ecuador	1/46-10/46	Official
		Quito, Ecuador	10/46-3/47	Legal Attache
		Lima, Peru	6/43-12/43	Undercover
		Rio de Janeiro, Brazil	8/45-1/47	Undercover
		Lima, Peru	2/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
		Lima, Peru	5/43-6/43	Plant Survey

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578

NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Caracas, Venezuela	7/42-12/43	Undercover
Mexico City, D. F.	12/43-10/44	Official
Port of Spain, Trinidad	10/44-1/46	Official
Caracas, Venezuela	1/46-3/47	Legal Attache
Rome, Italy	7/45-11/45	Army
Rome, Italy	7/45-11/45	Army
Mexico City, Mexico	3/41-9/41	Undercover
Havana, Cuba	11/41-7/42	Undercover
Mexico City, Mexico	3/43-7/43	Undercover
Santiago, Chile	7/43-12/44	Undercover
Mexico, D. F.	12/44-9/45	Undercover
Rio de Janeiro, Brasil	7/43-1/45	Undercover
Rio de Janeiro, Brazil	5/45-12/45	Undercover
Havana, Cuba	3/46-6/46	Official
Veracruz, Mexico	8/42-2/43	Undercover
Bogota, Colombia	2/43-3/43	Undercover
Cali, Colombia	3/43-3/44	Official
Philippine Islands	7/45-10/45	Army
Mexico City, Mexico	10/43-6/45	Undercover
Tucuman, Argentina	12/41-10/42	Undercover
Managua, Nicaragua	11/42-3/43	Legal Attache
Lisbon, Portugal	8/43-10/44	Legal Attache
Lisbon, Portugal	1/45-11/45	Legal Attache
Santiago, Chile	12/42-5/43	Undercover
Havana, Cuba	1/46-4/47	Official
Montevideo, Uruguay	1/42-7/42	Undercover
Havana, Cuba	9/42-11/43	Official
Maracaibo, Venezuela	5/45-4/46	Undercover
Mexico City, Mexico	4/46-4/47	Undercover
Sao Paulo, Brasil	10/42-9/44	Undercover
Buenos Aires, Argentina	9/44-6/45	Undercover
Panama City, Panama	6/45-2/46	Official

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619

NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Rio de Janeiro, Brazil	6/43-12/43	Undercover
Sao Paulo, Brazil	2/46-1/47	Official
Buenos Aires, Argentina	3/41-12/41	Undercover
Travel Status	3/42-7/42	Undercover
Travel Status	10/42-12/43	Inspector
Travel Status	1/45-5/45	Undercover
Havana, Cuba	6/45-9/45	Undercover
Hermosillo, Mexico	5/42-10/42	Undercover
Merida, Mexico	10/42-10/43	Undercover
Guatemala City, Guatemala	10/43-9/44	Official
Santiago, Chile	9/44-6/45	Undercover
Medellin, Colombia	6/45-12/45	Official
Lima, Peru	4/46-3/47	Police Liaison
Mar del Plata, Argentina	1/43-9/43	Undercover
Mexico City, D. F.	9/43-6/44	Official
Santiago, Chile	6/44-9/44	Undercover
Antofagasta, Chile	9/44-3/45	Undercover
Montevideo, Uruguay	6/43-12/43	Undercover
Bogota, Colombia	1/44-12/44	Undercover
Antofagasta, Chile	3/45-11/45	Undercover
Quito, Ecuador	2/43-2/45	Police Liaison
La Paz, Bolivia	3/45-2/46	Official
Buenos Aires, Argentina	2/46-3/47	Official
Mexico City, Mexico	4/45-4/46	Undercover
Valparaiso, Chile	8/45-6/46	Official
Guatemala City, Guatemala	8/42-1/43	Undercover
La Paz, Bolivia	2/43-9/43	Official
Tegucigalpa, Honduras	5/43-12/44	Undercover
Guayaquil, Ecuador	4/45-8/46	Official
Mexico City, Mexico	12/42-10/43	Undercover
Maracaibo, Venezuela	7/42-12/43	Undercover
Medellin, Colombia	11/41-5/42	Undercover

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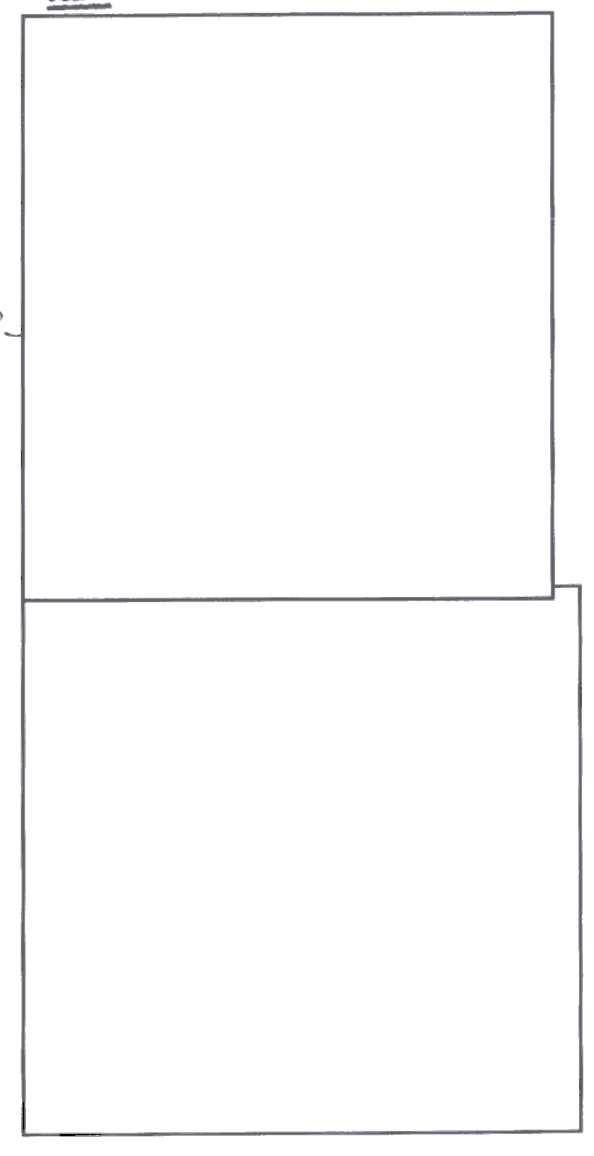
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NAME

SIS NO.



PLACE	DATE	ASSIGNMENT
Lima, Peru	9/41-2/42	Undercover
Bogota, Colombia	4/42-10/42	Official
Mexico City, Mexico	10/42-8/46	Official
Lima, Peru	1/43-1/44	Undercover
Lima, Peru	3/45-10/45	Undercover
Mexico City, Mexico	5/42-4/43	Undercover
Costa Rica	5/43-11/43	Official
Travel Status	4/45-5/45	Inspector
Madrid, Spain	2/43-11/43	Undercover
La Paz, Bolivia	8/42-6/43	Plant Survey
Chuquicamata, Chile	1/43-4/43	Plant Survey
Buenos Aires, Argentina	4/43-4/43	Plant Survey
Rio de Janeiro, Brazil	11/41-6/42	Undercover
Travel in Africa	1/43-9/43	Army
Caracas, Venezuela	2/43-2/44	Official
Santiago, Chile	5/44-11/44	Official
Antofagasta, Chile	11/44-2/45	Official
Bogota, Colombia	2/45-12/45	Official
Cochabamba, Bolivia	4/43-11/43	Official
La Plata, Argentina	11/41-5/42	Undercover
Bogota, Colombia	7/45-11/45	Official
Bogota, Colombia	4/42-1/43	Undercover
Maracaibo, Venezuela	2/43-12/43	Official
Bogota, Colombia	10/40-11/40	Undercover
Barranquilla, Colombia	11/40-5/41	Undercover
Buenos Aires, Argentina	8/42-2/43	Undercover
Quito, Ecuador	2/43-8/43	Legal Attache
Cali, Colombia	12/42-7/43	Undercover
Buenos Aires, Argentina	9/43-4/46	Official
Santiago, Chile	8/43-4/44	Undercover
Buenos Aires, Argentina	4/44-8/44	Undercover
Bogota, Colombia	1/45-3/46	Undercover
Santiago, Chile	3/46-9/46	Official
Rio de Janeiro, Brazil	5/45-10/45	Undercover
Santiago, Chile	8/43-2/44	Undercover

SECRET

SECRET

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
[redacted]	757	Rio de Janeiro, Brazil	5/43-7/43	Undercover
		Belem, Brazil	7/43-12/43	Undercover
	583	Cuernavaca, Mexico	2/43-9/43	Undercover
		Mexico City, Mexico	9/43-11/43	Undercover
	941	Caracas, Venezuela	5/43-8/43	Official
	697	Lima, Peru	4/43-12/43	Undercover
	145	Recife, Brazil	7/41-10/41	Undercover
		Buenos Aires, Argentina	11/41-5/42	Undercover
	645	Caracas, Venezuela	5/43-1/44	Undercover
		Santiago, Chile	12/44-7/46	Undercover
	138	Port au Prince, Haiti	7/41-10/41	Undercover
		Chihuahua, Mexico	12/41-10/42	Undercover
		Havana, Cuba	10/42-9/44	Official
		Bogota, Colombia	9/44-10/45	Police Liaison
		San Jose, Costa Rica	10/45-3/46	Police Liaison
[redacted]	7046	La Paz, Bolivia	1/45-4/47	Legal Attache
	582	Buenos Aires, Argentina	2/43-3/44	Undercover
		Lima, Peru	3/44-7/44	Undercover
		Mexico City, Mexico	10/44-10/45	Undercover
	808	La Paz, Bolivia	5/43-11/43	Official
	706	Buenos Aires, Argentina	4/43-10/43	Official
	647	Asuncion, Paraguay	3/43-11/43	Undercover
	311	Rio de Janeiro, Brazil	5/42-1/44	Undercover
		Buenos Aires, Argentina	1/44-10/44	Official
	314	Buenos Aires, Argentina	6/42-8/43	Official
		Mendoza, Argentina	8/43-12/43	Official
		Rosairo, Argentina	12/43-5/44	Official
		Buenos Aires, Argentina	5/44-7/46	Official
	286	La Paz, Bolivia	4/42-12/42	Undercover
		Montevideo, Uruguay	12/42-7/44	Official
		Quito, Ecuador	7/44-2/45	Legal Attache
	450	Hermosillo, Mexico	10/42-10/43	Undercover
	861	Sao Paulo, Brazil	8/43-1/44	Undercover
	251	Berlin, Germany	7/40-11/41	Official

SECRET

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682

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
[redacted]	[redacted]	Mexico City, Mexico	4/42-3/46	Official
		Lima, Peru	1/43-3/43	Undercover
		Rio de Janeiro, Brazil	3/43-5/43	Undercover
		Buenos Aires, Argentina	11/42-11/43	Undercover
		La Paz, Bolivia	11/43-8/44	Official
		Valparaiso, Chile	8/44-9/45	Official
		Mexico City, Mexico	6/46-12/46	Official
		Trinidad, B. W. I.	4/42-10/43	Official
		Rio de Janeiro, Brazil	5/43-1/44	Undercover
		San Jose, Costa Rica	5/42-8/42	Undercover
		Antofagasta, Chile	9/42-7/43	Official
		Rio de Janeiro, Brazil	2/43-8/43	Undercover
		Havana, Cuba	10/43-11/43	Official
		San Jose, Costa Rica		Undercover
		San Jose, Costa Rica		Official
		Quito, Ecuador		Legal Attache
		Ciudad Trujillo, D. R.		Legal Attache
		Lima, Peru	1/44-4/44	Official
		La Paz, Bolivia	4/44-10/44	Legal Attache
		Santiago, Chile	10/44-8/46	Legal Attache
		Quito, Ecuador	5/43-10/43	Undercover
		Bogota, Colombia	1/44-6/44	Police Liaison
		Rio de Janeiro, Brazil	9/43-12/43	Undercover
		Lima, Peru	8/43-5/45	Undercover
		Quito, Ecuador	5/43-1/44	Official
		Asuncion, Paraguay	1/44-10/44	Legal Attache
		Bahia Blanca, Argentina	8/41-12/41	Undercover
		Cordoba, Argentina	11/42-2/43	Undercover
		Porto Alegre, Brazil	2/43-3/44	Undercover
		Buenos Aires, Argentina	2/43-5/43	Undercover
		Buenos Aires, Argentina	8/43-12/43	Undercover
		Buenos Aires, Argentina	5/46-2/47	Official
		Tokyo, Japan	3/46-9/46	Army

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683

NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Santiago, Chile	3/43-9/43	Undercover
Mexico City, Mexico	7/46-4/47	Undercover
Buenos Aires, Argentina	12/42-11/43	Undercover
Asuncion, Paraguay	11/43-1/45	Official
Mexico, D. F.	1/45-12/45	Official
Bogota, Colombia	12/45-8/46	Legal Attache
Puerto Montt, Chile	4/42-2/43	Undercover
Manta, Ecuador	2/43-6/43	Official
Quito, Ecuador	6/43-1/44	Official
Arequipa, Peru	1/44-12/44	Official
Bogota, Colombia	12/44-4/47	Police Liaison
Bahia, Brazil,	9/41-11/44	Official
Rio de Janeiro, Brazil	11/44-1/46	Official
Buenos Aires, Argentina	1/45-3/46	Legal Attache
Medellin, Colombia	1/43-7/43	Undercover
Mexico City, Mexico	10/40-1/43	Legal Attache
Hamilton, Bermuda	2/43-6/43	Official
Veracruz, Mexico	4/41-6/41	Undercover
Mexico City, Mexico	10/43-4/44	Undercover
Maracaibo, Venezuela	7/41-3/42	Undercover
Lima, Peru	5/42-11/43	Legal Attache
Lima, Peru	2/43-3/43	Plant Survey
Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
Valparaiso, Chile	12/41-12/43	Official
Buenos Aires, Argentina	9/41-4/42	Undercover
Lima, Peru	2/43-4/43	Undercover
Maracaibo, Venezuela	5/43-12/43	Official
Buenos Aires, Argentina	9/45-2/47	Official
Lima, Peru	4/42-9/42	Undercover
Santiago, Chile	11/42-1/43	Official
Rio de Janeiro, Brazil	10/40-3/41	Undercover
Havana, Cuba	7/42-6/44	Undercover
Rio de Janeiro, Brazil	6/44-10/44	Undercover
Buenos Aires, Argentina	12/44-6/45	Undercover

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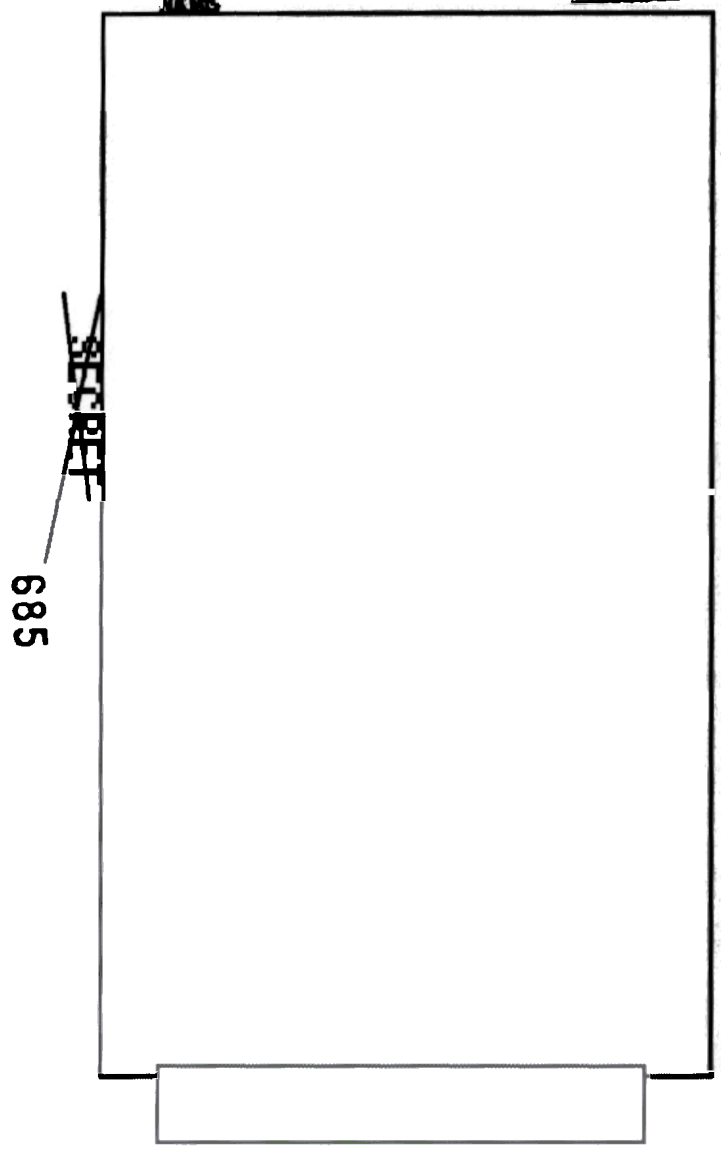
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SIS NO.

PLACE	DATE	ASSIGNMENT
Sao Salvador, Brazil	12/41-6/42	Undercover
Caracas, Venezuela	6/42-2/43	Undercover
Cartagena, Colombia	2/43-11/43	Official
Bogota, Colombia	11/43-12/44	Official
Buenos Aires, Argentina	10/43-11/43	Undercover
Cordoba, Argentina	11/41-9/42	Official
Buenos Aires, Argentina	9/42-2/45	Official
Mexico City, Mexico	10/42-10/43	Undercover
Cartagena, Colombia	10/43-11/43	Official
Sao Paulo, Brazil	6/41-1/42	Undercover
Havana, Cuba	7/40-9/40	Undercover
Caracas, Venezuela	10/40-4/41	Undercover
France and Germany	5/45-11/45	Army
Guayaquil, Ecuador	5/43-6/44	Official
Caracas, Venezuela	6/44-2/45	Official
Santiago, Chile	2/45-2/47	Official
Havana, Cuba	2/43-7/43	Official
Buenos Aires, Argentina	10/43-3/44	Undercover
Santiago, Chile	4/44-10/44	Undercover
Mexico, D. F.	1/45-6/45	Undercover
Buenos Aires, Argentina	8/43-11/43	Undercover
Mexico City, D. F.	10/43-1/45	Undercover
Guayaquil, Ecuador	8/45-11/45	Undercover
Paris, France	5/45-10/45	Army
Baja Calif., Mexico	4/42-9/42	Undercover
Travel Status, Mexico	9/42-8/43	Undercover
Bogota, Colombia	8/43-11/43	Undercover
Santiago, Chile	3/42-6/42	Undercover
Santiago, Chile	4/43-4/44	Undercover
Buenos Aires, Argentina	4/44-10/44	Undercover
Asuncion, Paraguay	8/41-1/42	Undercover
Montevideo, Uruguay	4/42-5/43	Legal Attache
Caracas, Venezuela	1/46-3/47	Police Liaison
San Jose, Costa Rica	9/42-10/43	Undercover

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SECRET



685

SECRET

NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Rio de Janeiro, Brazil	10/41-2/42	Undercover
		La Paz, Bolivia	2/42-7/43	Legal Attache
		Rio de Janeiro, Brazil	7/43-7/47	Police Liaison
		Mazatlan, Mexico	4/41-7/41	Undercover
		Rio de Janeiro, Brazil	5/43-1/44	Official
		Curacao, Netherlands West Indies	8/44-12/45	Legal Attache
		Lima, Peru	5/43-8/45	Official
		Caracas, Venezuela	5/43-12/43	Official
		Santiago, Chile	10/44-3/47	Official
		Havana, Cuba	7/42-10/43	Legal Attache
		Barranquillo, Colombia	3/42-10/42	Undercover
		Mexico City, Mexico	11/42-1/45	Official
		Merida, Mexico	1/43-12/43	Undercover
		Lima, Peru	4/42-1/47	Undercover
		Havana, Cuba	8/44-4/47	Undercover
		Rio de Janeiro, Brazil	5/43-12/43	Undercover
		Havana, Cuba	5/44-2/46	Police Liaison
		Chihuahua, Mexico	12/41-8/42	Undercover
		Rio de Janeiro, Brazil	6/43-5/45	Undercover
		Rio de Janeiro, Brazil	9/45-1/47	Undercover
		Quito, Ecuador	5/43-1/44	Official
		Arequipa, Peru	9/44-8/45	Official
		Buenos Aires, Argentina	8/45-6/46	Official
		Managua, Nicaragua	6/46-8/46	Official
		Valparaiso, Chile	4/43-8/43	Official
		Coquimbo, Chile	8/43-12/43	Official
		Sao Paulo, Bras	11/42-3/44	Undercover
		Caracas, Venezuela	3/44-12/44	Official
		Maracaibo, Venezuela	3/43-11/43	Undercover
		Caracas, Venezuela	2/43-3/43	Plant Survey
		Lima, Peru	3/43-4/43	Plant Survey
		Rio de Janeiro, Brazil	12/40-9/43	Undercover
		Lima, Peru	11/43-9/44	Undercover
		Lima, Peru		

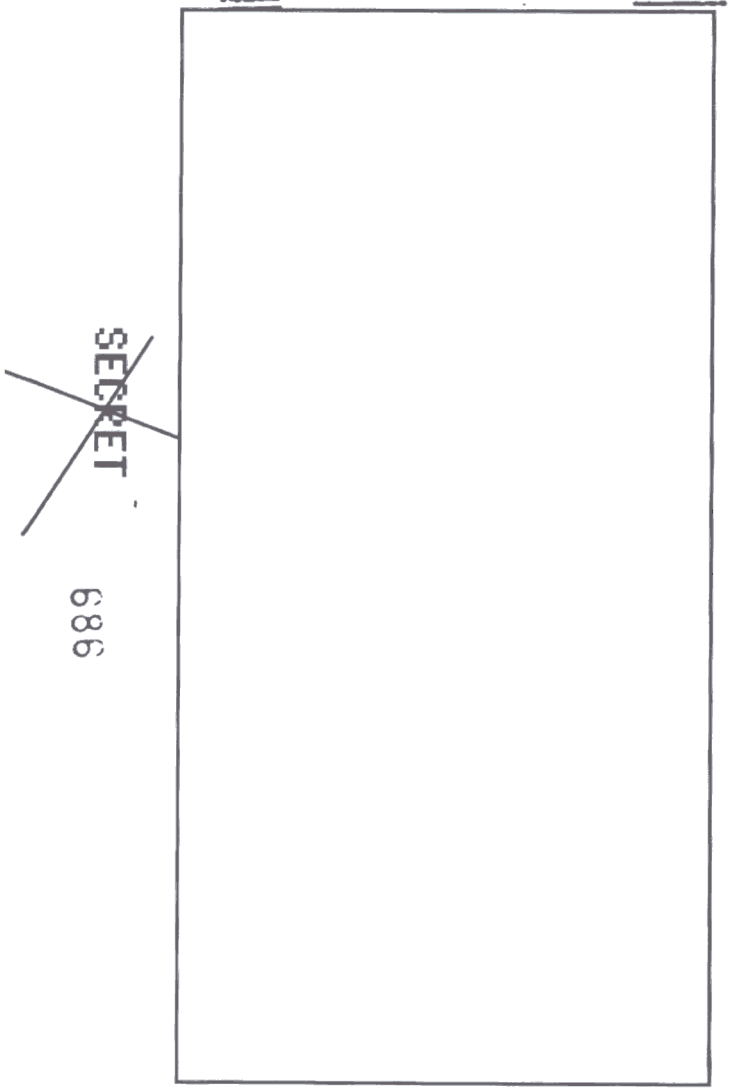
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NAME

SIS NO.



SECRET

686

PLACE	DATE	ASSIGNMENT
Caracas, Venezuela	3/43-12/43	Undercover
Havana, Cuba	8/44-11/45	Police Liaison
Maracaibo, Venezuela	5/43-7/43	Official
Caracas, Venezuela	7/43-1/44	Official
Bogota, Colombia	6/44-9/45	Official
Buenos Aires, Argentina	5/42-7/42	Undercover
Ottawa, Ontario, Canada	5/42-1/44	Liaison R.C.M.P
London, England	1/44-8/45	Legal Attache
Santiago, Chile	5/43-9/44	Undercover
Havana, Cuba	5/42-12/43	Undercover
Rio de Janeiro, Brazil	12/43-8/45	Undercover
Mexico City, Mexico	6/43-11/43	Undercover
Montevideo, Uruguay	6/43-12/43	Undercover
Santiago, Chile	8/45-11/45	Undercover
Buenos Aires, Argentina	5/42-3/43	Undercover
Monterrey, Mexico	1/43-9/43	Undercover
Buenos Aires, Argentina	3/42-2/44	Undercover
Guatemala City, Guatemala	6/44-11/45	Legal Attache
Valparaiso, Chile	2/43-12/43	Undercover
Santiago, Chile	7/42-8/43	Undercover
Montevideo, Uruguay	8/43-4/46	Legal Attache
San Salvador, El Salvador	8/42-5/43	Undercover
Caracas, Venezuela	7/43-12/43	Official
La Paz, Bolivia	6/46-7/46	Official
San Salvador, El Salvador	6/41-7/42	Undercover
Rosario, Argentina	8/42-12/43	Official
Mexico City, Mexico	2/46-12/46	Official
Medellin, Colombia	7/42-3/43	Undercover
Caracas, Venezuela	3/43-3/44	Official
Havana, Cuba	3/44-6/45	Official
Buenos Aires, Argentina	6/45-8/45	Official
Caracas, Venezuela	8/45-12/45	Police Liaison
Caracas, Venezuela	9/41-10/43	Official
Osorno, Chile	10/43-12/43	Official

SECRET

b7C
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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Rio de Janeiro, Brazil	8/43-8/44	Undercover
		Ciudad Trujillo, D. R.	4/43-11/43	Undercover
		Chanaral, Chile	1/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
		Montevideo, Uruguay	9/41-3/42	Official
		Mendoza, Argentina	3/42-11/42	Undercover
		Montevideo, Uruguay	1/43-4/43	Official
		Mexico City, Mexico	4/43-12/43	Undercover
		Bahia, Brazil	5/43-11/43	Undercover
		Santiago, Cuba	12/41-7/42	Undercover
		Medellin, Colombia	7/42-12/43	Official
		Bogota, Colombia	5/44-11/44	Official
		Buenos Aires, Argentina	3/45-7/46	Official
		Havana, Cuba	7/46-5/47	Legal Attache
		Quito, Ecuador	1/42-9/42	Undercover
		Valdivia, Chile	9/42-8/43	Official
		Lima, Peru	8/43-11/43	Legal Attache
		Rio de Janeiro, Brazil	7/46-9/46	Legal Attache
		Buenos Aires, Argentina	11/42-11/43	Undercover
		Buenos Aires, Argentina	4/43-11/43	Undercover
		Rio de Janeiro, Brazil	1/43-7/43	Undercover
		Florianopolis, Brazil	7/43-12/43	Official
		Curityba, Brazil	12/43-1/45	Official
		Sao Paulo, Brazil	1/45-7/45	Official
		Santiago, Chile	1/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-4/43	Plant Survey
		Buenos Aires, Argentina	4/43-5/43	Plant Survey
		Montevideo, Uruguay	5/43-12/43	Undercover
		Buenos Aires, Argentina	5/46-2/47	Official
		Santiago, Chile	1/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-4/43	Plant Survey
		Montevideo, Uruguay	4/43-5/43	Plant Survey
		Havana, Cuba	5/45-11/45	Official

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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Rio de Janeiro, Brazil	5/43-6/46	Official
		Guatemala City, Guatemala	11/42-7/43	Undercover
		Santiago, Chile	9/43-1/44	Official
		Bogota, Colombia	12/41-9/42	Official
		Travel Status, Mexico	9/43-4/44	Undercover
		Santiago, Chile	4/46-3/47	Official
		Guayaquil, Ecuador	5/43-8/43	Undercover
		Mexico City, D. F.	10/43-3/45	Undercover
		Buenos Aires, Argentina	6/45-5/46	Official
		Bogota, Colombia	8/40-10/40	Official
		Bogota, Colombia	8/45-9/46	Undercover
		Caracas, Venezuela	9/43-12/43	Undercover
		Buenos Aires, Argentina	4/42-9/42	Undercover
		Santiago, Chile	2/41-10/41	Undercover
		Quito, Ecuador	12/41-12/42	Legal Attache
		Mexico City, Mexico	1/43-8/43	Legal Attache
		Panama City, Panama	5/45-8/46	Legal Attache
		Santiago, Chile	8/43-5/44	Undercover
		Buenos Aires, Argentina	5/44-11/45	Undercover
		Managua, Nicaragua	4/42-9/42	Undercover
		Havana, Cuba	11/42-5/44	Official
		San Salvador, El Salvador	5/44-11/45	Legal Attache
		La Paz, Bolivia	7/42-9/43	Plant Survey
		Guadalajara, Mexico	1/42-12/42	Undercover
		Cali, Colombia	5/43-11/44	Official
		Guatemala City, Guatemala	2/42-7/42	Undercover
		Punta Arenas, Chile	9/42-1/44	Official
		Bogota, Colombia	8/42-11/42	Official
		Santiago, Chile	3/43-8/43	Undercover
		Managua, Nicaragua	10/43-2/44	Police Liaison
		Caracas, Venezuela	3/44-11/45	Official
		Port au Prince, Haiti	1/43-4/43	Undercover
		Mexico City, Mexico	5/43-12/43	Official
		Panama City, Panama	8/45-8/46	Police Liaison

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b2
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NAME

SIS NO.

SECRET

689

PLACE		ASSIGNMENT
Travel Status, Baja Calif., Mexico	12/41-10/42	Undercover
Tampico, Mexico	10/42-2/43	Undercover
Mexico City, Mexico	2/43-11/43	Undercover
Buenos Aires, Argentina	11/44-10/46	Undercover
Asuncion, Paraguay	6/42-2/43	Undercover
Lima, Peru	3/43-4/47	Legal Attache & Police Liaison
Monterrey, Mexico	4/43-2/44	Undercover
Rio de Janeiro, Brazil	6/43-7/43	Undercover
Porto Alegre, Brazil	7/43-10/43	Undercover
Bogota, Colombia	10/43-11/43	Undercover
Buenos Aires, Argentina	5/43-2/44	Official
Guayaquil, Ecuador	4/46-2/47	Police Liaison
Lisbon, Portugal	7/45-10/45	Official
Santiago, Chile	6/43-10/44	Official
La Paz, Bolivia	12/44-11/45	Legal Attache
Panama City, Panama	8/45-2/46	Army
Buenos Aires, Argentina	2/46-1/47	Official
Guatemala City, Guatemala	5/43-11/43	Undercover
Hermosillo, Mexico	12/41-5/42	Undercover
Caracas, Venezuela	5/42-12/43	Legal Attache
Lima, Peru	2/43-12/43	Undercover
Santiago, Chile	12/42-5/44	Official
Sao Paulo, Brazil	10/41-10/43	Undercover
Santiago, Chile	4/43-12/43	Official
Antofagasta, Chile	12/43-10/44	Official
Montevideo, Uruguay	10/44-2/47	Legal Attache
Valparaiso, Chile	4/43-12/43	Official
Buenos Aires, Argentina	8/42-5/44	Undercover
Havana, Cuba	5/44-11/44	Official
Buenos Aires, Argentina	6/45-3/47	Official
San Jose, Costa Rica	2/43-11/43	Official

SECRET

SECRET

NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Chihuahua, Mexico	12/41-8/43	Undercover
Guayaquil, Ecuador	10/43-3/45	Official
Quito, Ecuador	3/45-10/46	Legal Attache
Guayaquil, Ecuador	2/42-6/42	Undercover
Bogota, Colombia	10/42-8/43	Legal Attache
Mexico City, Mexico	8/43-12/44	Legal Attache
Mexico City, Mexico	10/43-6/46	Undercover
Rio de Janeiro, Brazil	7/43-8/43	Undercover
Bahia, Brazil	8/43-12/43	Undercover
Maracaibo, Venezuela	4/42-9/42	Undercover
Cienfuegos, Cuba	10/42-4/43	Official
Camaguey, Cuba	4/43-1/44	Official
Havana, Cuba	1/44-3/44	Official
Quito, Ecuador	3/44-6/45	Police Liaison
Havana, Cuba	6/45-4/47	Official
Bello Horizonte, Brazil	6/43-12/43	Undercover
Lisbon, Portugal	4/44-9/46	Legal Attache
Recife, Brazil	11/41-12/42	Undercover
Sao Paulo, Brazil	12/42-1/46	Official
Mazatlan, Mexico	7/43-10/43	Undercover
Cali, Colombia	10/45-11/45	Official
Bogota, Colombia	11/45-3/47	Legal Attache
Barranquilla, Colombia	7/43-11/43	Undercover
Sao Paulo, Brazil	7/42-3/43	Official
Curityba, Brazil	3/43-4/43	Official
Florianapolis, Brazil	4/43-1/44	Official
Rio de Janeiro, Brazil	1/44-12/47	Legal Attache & Police Liaison
Tampico, Mexico	9/41-8/42	Undercover
Buenos Aires, Argentina	8/42-7/45	Official
Havana, Cuba	7/45-8/46	Official
Mexico City, Mexico	2/43-6/43	Official
Mexico City, Mexico	5/43-7/44	Undercover
Buenos Aires, Argentina	7/44-11/45	Undercover

SECRET

690

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691

NAME

SIS NO.

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PLACE	DATE	ASSIGNMENT
Natal, Brazil	12/42-7/44	Official
Rome, Italy	3/45-4/45	Army
Hamilton, Bermuda	9/43-3/44	Official
Cali, Colombia	10/41-10/42	Undercover
Montevideo, Uruguay	12/42-11/43	Official
Mexico City, Mexico	2/44-3/44	Undercover
Rosario, Argentina	7/42-11/43	Undercover
Mexico City, Mexico	12/42-8/43	Undercover
Quito, Ecuador	5/43-11/43	Undercover
Rio de Janeiro, Brazil	5/43-12/43	Undercover
Guayaquil, Ecuador	9/41-9/43	Official
Guayaquil, Ecuador	8/42-1/43	Undercover
Maracaibo, Venezuela	1/43-1/44	Official
San Jose, Costa Rica	1/44-3/45	Legal Attache
Merida, Mexico	7/42-2/43	Undercover
Bogota, Colombia	4/43-3/44	Police Liaison
Santiago, Chile	2/43-8/43	Official
Lima, Peru	5/43-11/43	Undercover
Havana, Cuba	1/43-3/43	Plant Survey
Quito, Ecuador	3/43-4/43	Plant Survey
Bogota, Colombia	4/43-5/43	Plant Survey
Bogota, Colombia	3/43-2/45	Undercover
San Jose, Costa Rica	1/46-8/46	Legal Attache
Madrid, Spain	10/46-Present	Legal Attache
Asuncion, Paraguay	12/41-9/42	Undercover
Osorno, Chile	9/42-10/43	Official
Quito, Ecuador	10/43-10/44	Legal Attache
Ciudad Trujillo, D. R.	10/44-1/45	Legal Attache
Havana, Cuba	7/41-11/41	Undercover
Buenos Aires, Argentina	5/43-6/43	Official
Bahia Blanca, Argentina	6/43-5/44	Official
Buenos Aires, Argentina	5/44-6/45	Official
Montevideo, Uruguay	10/42-12/43	Undercover

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NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Rio de Janeiro, Brazil	4/46-2/47	Official
Quito, Ecuador	3/42-2/43	Undercover
Santaigo, Chile	1/43-9/43	Undercover
Port of Spain, Trinidad	9/43-12/44	Official
Bogota, Colombia	12/44-1/46	Legal Attache
Havana, Cuba	1/46-7/46	Legal Attache
Santiago, Chile	8/43-2/44	Undercover
Lima, Peru	5/43-11/43	Undercover
Sao Paulo, Brazil	3/43-1/45	Undercover
Rio de Janeiro, Brazil	5/42-10/42	Undercover
Fortaleza, Brazil	10/42-12/43	Official
Guayaquil, Ecuador	1/42-7/42	Undercover
La Paz, Bolivia	2/43-12/43	Official
Belterra, Brazil	7/43-11/43	Undercover
Santiago, Chile	7/45-10/45	Official
Carapito, Venezuela	2/43-2/44	Official
Buenaventura & Bogota, Colombia	1/43-12/43	Undercover
Santos, Brazil	12/42-12/43	Official
Santiago, Chile	1/43-4/43	Plant Survey
Buenos Aires, Argentina	4/43-5/43	Plant Survey
Havana, Cuba	3/46-3/47	Official
Panama City, Panama	12/40-1/41	Undercover
Managua, Nicaragua	1/41-3/43	Undercover
Bogota, Colombia	3/43-9/43	Undercover
Quito, Ecuador	11/43-9/44	Undercover
Buenos Aires, Argentina	11/44-4/45	Undercover
Guatemala City, Guatemala	5/43-10/43	Undercover
Acapulco, Mexico	7/42-5/43	Undercover
Santiago, Chile	1/43-1/44	Undercover
Travel Status, Baja Calif., Mexico	12/42-6/43	Undercover
Havana, Cuba	8/43-11/43	Official

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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
		Mexico City, Mexico	3/43-8/43	Undercover
		Buenos Aires, Argentina	8/43-3/44	Undercover
		Montevideo, Uruguay	3/44-5/44	Undercover
		Mexico City, Mexico	5/44-10/45	Undercover
		Valparaiso, Chile	12/42-8/43	Undercover
		Valdivia, Chile	8/43-8/44	Undercover
		San Salvador, El Salvador	8/44-10/44	Undercover
		Santiago, Chile	1/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
		Montevideo, Uruguay	5/43-6/43	Plant Survey
		Sao Paulo, Brazil	6/42-3/43	Undercover
		Bello Horizonte, Brazil	3/43-6/44	Official
		Natal, Brazil	6/44-11/45	Official
		Rio de Janeiro, Brazil	11/45-2/47	Official
		Concepcion, Chile	6/41-1/42	Undercover
		Mexico City, Mexico	4/47-6/47	Official
		Rome, Italy	7/45-11/45	Army
		Buenos Aires, Argentina	7/42-12/43	Undercover
		Rio de Janeiro, Brazil	6/43-2/47	Undercover
		Lima, Peru	2/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-4/43	Plant Survey
		Buenos Aires, Argentina	4/43-5/43	Plant Survey
		Mexico City, Mexico	7/44-3/46	Undercover
		Cali, Colombia	3/46-3/47	Official
		Rio de Janeiro, Brazil	6/43-12/43	Undercover
		Sao Paulo, Brazil	2/46-10/46	Official
		Havana, Cuba	3/43-3/45	Undercover
		Paris, France	7/45-4/47	Army
		Mexico, D. F.	8/42-6/44	Undercover
		Bogota, Colombia	6/44-11/44	Official
		Barranquilla, Colombia	11/44-6/46	Official
		Buenos Aires, Argentina	6/43-12/43	Undercover
		Bogota, Colombia	5/44-10/44	Official

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5-93

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NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
France and Germany	5/45-9 /45	Army
Tegucigalpa, Honduras	3/43-8/43	Undercover
Rio de Janeiro, Brazil	6/42-4/43	Official
Porto Alegre, Brazil	4/43-8/43	Official
Rio de Janeiro, Brazil	8/43-4/44	Official
Porto Alegre, Brazil	4/44-5/45	Official
Rio de Janeiro, Brazil	5/45-7/45	Official
Rome, Italy	7/45-10/45	Undercover
Barranquilla, Colombia	12/41-8/42	Official
Buenos Aires, Argentina	8/42-12/45	Official
Mexico City, Mexico	3/46-4/46	Undercover
Santiago, Chile	8/43-10/44	Official
Santiago, Chile	4/45-12/45	Official
Mexico City, Mexico	12/45-11/47	Undercover
Mendoza, Argentina	11/42-11/43	Official
Bogota, Colombia	5/44-12/44	Undercover
Lima, Peru	4/42-9/42	Undercover
Lima, Peru	9/40-3/41	Legal Attache
San Jose, Costa Rica	3/45-11/45	Legal Attache
Caracas, Venezuela	1/46-10/46	Undercover
Buenos Aires, Argentina	8/43-11/43	Undercover
Mexico City, Mexico	7/46-4/47	Official
Lima, Peru	6/43-9/43	Official
Havana, Cuba	2/43-11/43	Official
Managua, Nicaragua	3/42-10/43	Police Liaison
Sao Paulo, Brazil	8/43-1/45	Official
Montevideo, Uruguay	5/45-2/46	Undercover
Quito, Ecuador	8/41-6/42	Official
La Paz, Bolivia	6/42-10/43	Police Liaison
Santiago, Chile	10/43-1/45	Army
France and Germany	5/45-11/45	Undercover
Buenos Aires, Argentina	7/43-1/44	Undercover
Caracas, Venezuela	4/46-10/46	

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534

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NAME

SIS NO.

PLACE	DATE	ASSIGNMENT
Mexico City, Mexico	8/43-10/44	Undercover
Mexico City, Mexico	9/42-9/43	Undercover
Santiago, Chile	9/43-9/44	Official
Valdivia, Chile	9/44-11/44	Official
Santiago, Chile	11/44-5/46	Official
Lima, Peru	6/43-12/43	Undercover
Mexico City, Mexico	1/42-7/42	Undercover
Asuncion, Paraguay	7/42-4/44	Legal Attache
Madrid, Spain	4/44-1/47	Legal Attache
Lima, Peru	5/43-10/43	Official
Montevideo, Uruguay	4/43-12/43	Undercover
Lima, Peru	1/45-6/46	Undercover
Guatemala City, Guatemala	12/40-12/42	Undercover
Quito, Ecuador	7/45-9/46	Official
Lima, Peru	12/44-12/45	Undercover
Tokyo, Japan	12/45-7/46	Army
Manila, P. I.	7/46-12/46	Army
Mazatlan, Mexico	6/41-1/42	Undercover
Valparaiso, Chile	2/42-7/43	Official
San Jose, Costa Rica	7/43-2/44	Legal Attache
Santiago, Chile	2/44-11/44	Legal Attache
Havana, Cuba	11/44-11/45	Legal Attache
Mexico City, Mexico	6/46-Present	Legal Attache
Bogota, Colombia	2/41-7/42	Official
Havana, Cuba	7/42-12/42	Official
Buenos Aires, Argentina	12/42-6/43	Official
Santiago, Chile	6/43-7/43	Official
Bogota, Colombia	5/44-9/44	Official
Tegucigalpa, Honduras	9/44-8/46	Legal Attache
Havana, Cuba	2/47-Present	Official
Buenos Aires, Argentina	4/46-3/47	Official
Acapulco, Mexico	9/41-8/42	Undercover
Quito, Ecuador	9/42-9/43	Official
San Jose, Costa Rica	2/43-12/43	Official
Havana, Cuba	2/46-5/47	Official

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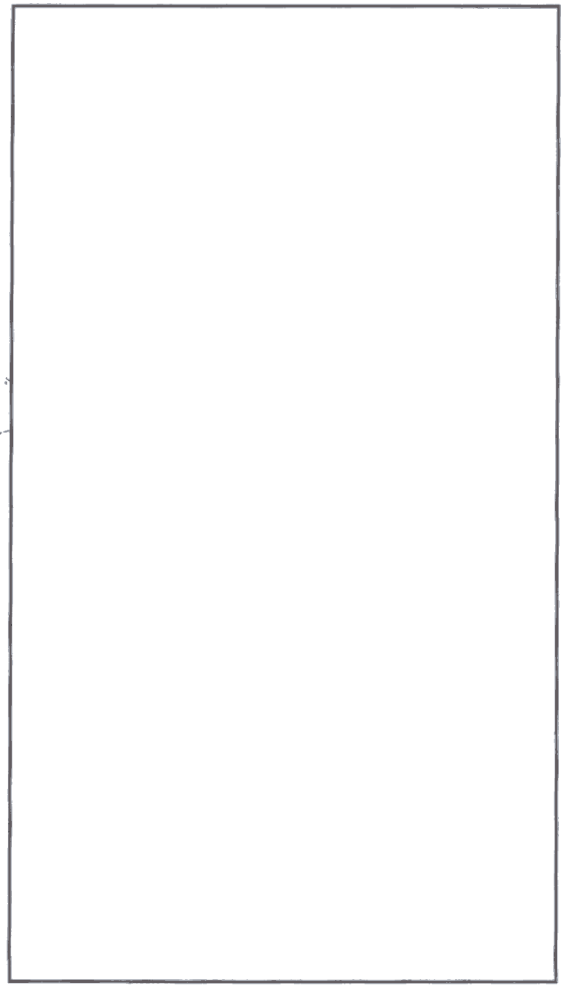
PLACE		ASSIGNMENT
Panama City, Panama	1/41-2/41	Undercover
San Jose, Costa Rica	2/41-1/44	Undercover
Santiago, Chile	1/44-10/44	Undercover
San Jose, Costa Rica	10/44-3/45	Official
La Paz, Bolivia	5/43-11/43	Undercover
Sao Paulo, Brazil	12/42-1/44	Undercover
Managua, Nicaragua	11/42-10/43	Undercover
Santiago, Chile	1/45-4/46	Undercover
Mexico City, Mexico	7/46-4/47	Undercover
Bahia Blanca, Argentina	5/42-8/43	Undercover
Barranquilla, Colombia	6/45-6/46	Undercover
Lima, Peru	10/41-2/42	Official
Kingston, Jamaica	3/43-9/44	Liaison
Buenos Aires, Argentina	8/43-4/44	Undercover
Mexico City, Mexico	4/44-3/45	Undercover
Havana, Cuba	3/45-9/45	Undercover
Buenos Aires, Argentina	12/42-7/44	Undercover
Santiago, Chile	7/44-9/46	Undercover
Bogota, Colombia	5/43-12/43	Official
Havana, Cuba	2/42-12/43	Police Liaison
Guatemala City, Guatemala	2/45-4/47	Police Liaison & Legal Attache
Mexico City, Mexico	5/47-Present	Police Liaison
Bahia Blanca, Argentina	8/42-11/43	Official
Buenos Aires, Argentina	5/42-9/42	Undercover
Mexico City, Mexico	9/43-6/44	Undercover
Caracas, Venezuela	6/44-10/44	Official
Rio de Janeiro, Brazil	1/43-3/45	Undercover
Rio de Janeiro, Brazil	6/45-1/47	Undercover
Buenos Aires, Argentina	7/41-3/42	Undercover
Manaos, Brazil	4/43-9/43	Official
Rio de Janeiro, Brazil	9/43-12/43	Official
La Paz, Bolivia	6/43-11/43	Official

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NAME

SIS NO.



PLACE	DATE	ASSIGNMENT
Sucre, Bolivia	9/42-11/43	Undercover
Montevideo, Uruguay	12/41-10/42	Undercover
San Jose, Costa Rica	1/43-12/43	Official
Havana, Cuba	11/42-6/45	Official
Paris, France	7/45-Present	Legal Attache
Santiago, Chile	2/43-8/44	Official
Buenos Aires, Argentina	6/42-6/43	Undercover
Quito, Ecuador	6/40-9/40	Official
Santiago, Chile	10/40-11/40	Official
Bogota, Colombia	11/40-1/41	Official
Asuncion, Paraguay	2/41-4/41	Undercover
Lima, Peru	4/41-5/42	Official
Mexico City, Mexico	2/43-9/43	Official
France and Germany	1/45-11/45	Army
Concepcion, Chile	3/42-10/42	Undercover
Santiago, Chile	3/43-2/45	Official
Marrakech & Casablanca Africa	2/43-3/43	Army
Mexico City, Mexico	7/44-7/45	Undercover
Rio de Janeiro, Brazil	10/45-1/47	Undercover
London, England	11/42-2/44	Legal Attache
Valdivia, Chile	4/43-12/43	Official
Madrid, Spain	9/45-1/46	Official
Guayaquil, Ecuador	4/43-12/43	Official
Montevideo, Uruguay	2/46-2/47	Official
Manila, P. I.	3/45-9/45	Army
Tokyo, Japan	9/45-9/46	Army
Mexico City, Mexico	2/43-11/44	Official
Lima, Peru	2/43-3/43	Plant Survey
Rio de Janeiro, Brazil	3/43-4/43	Plant Survey
Buenos Aires, Argentina	4/43-5/43	Plant Survey

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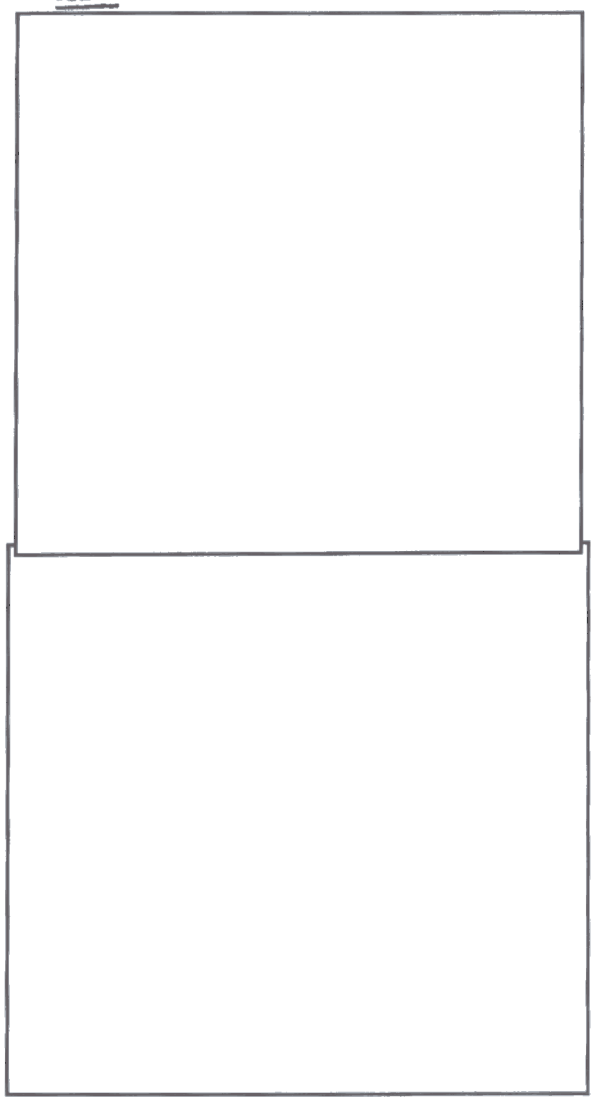
NAME	SIS NO.	PLACE		ASSIGNMENT
		Lima, Peru	2/43-3/43	Plant Survey
		Rio de Janeiro, Brazil	3/43-5/43	Plant Survey
		Lima, Peru	5/43-6/43	Plant Survey
		Havana, Cuba	4/46-5/47	Official
		Lima, Peru	8/42-12/42	Official
		Lima, Peru	11/42-12/43	Undercover
		Kingston, Jamaica	3/42-4/43	Liaison
		Mexico City, Mexico	12/42-10/45	Official
		Mexico City, Mexico	8/43-11/44	Undercover
		Montevideo, Uruguay	9/40-11/40	Undercover
		Santiago, Chile	12/40-1/41	Undercover
		Mazatlan, Mexico	3/43-9/43	Undercover
		Mexico City, Mexico	2/41-9/43	Undercover
		Havana, Cuba	12/43-2/45	Undercover
		Lima, Peru	5/45-10/46	Undercover
		Lima, Peru	7/45-11/45	Official
		La Paz, Bolivia	7/42-9/43	Plant Survey
		Rio de Janeiro, Brazil	9/43-9/46	Official
		Buenos Aires, Argentina	7/46-3/47	Undercover
		Santiago, Chile	8/43-1/44	Undercover
		Havana, Cuba	11/44-6/46	Undercover
		Quito, Ecuador	8/42-5/43	Official
		Valparaiso, Chile	4/43-7/44	Official
		Ciudad Trujillo, D. R.	7/44-11/44	Official
		Guatemala City, Guatemala	3/45-4/46	Official
		Guatemala City, Guatemala	5/46-8/46	Official
		San Jose, Costa Rica	2/45-3/45	Legal Attache
		San Salvador, El Salvador	4/46-5/46	Official
		Santiago, Chile	9/41-9/43	Legal Attache
		Caracas, Venezuela	12/43-3/44	Official
		Mexico City, D. F.	11/44-6/46	Legal Attache
		Buenos Aires, Argentina	3/46-11/46	Official
		Quito, Ecuador	5/43-12/43	Official

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PLACE	DATE	ASSIGNMENT
Port of Spain, Trinidad	3/45-6/45	Official
Rio de Janeiro, Brazil	6/45-12/45	Official
Lima, Peru	1/43-4/43	Undercover
Arequipa, Peru	4/43-11/43	Undercover
La Paz, Bolivia	8/43-11/43	Official
Maracaibo, Venezuela	7/43-5/44	Official
Rio de Janeiro, Brazil	9/45-2/47	Undercover
Buenos Aires, Argentina	10/43-12/43	Undercover
Rome, Italy	7/45-11/45	Army
Natal, Brazil	4/46-2/47	Official
Rio de Janeiro, Brazil	5/41-12/42	Legal Attache
Havana, Cuba	12/43-11/44	Legal Attache
Port au Prince, Haiti	7/46-5/47	Legal Attache
San Salvador, El Salvador	8/41-7/42	Undercover
San Jose, Costa Rica	8/42-7/43	Legal Attache
Santiago, Chile	7/43-12/43	Official
Concepcion, Chile	8/42-12/43	Undercover
Recife, Brazil	1/42-12/43	Official
La Paz, Bolivia	3/42-6/42	Undercover
Santiago, Chile	5/46-2/47	Official
Guadalajara, Mexico	11/42-10/43	Undercover
Montevideo, Uruguay	6/43-1/44	Official
Barranquilla, Colombia	1/44-2/45	Undercover
Lima, Peru	2/45-2/46	Official
Santiago, Chile	6/42-5/43	Undercover
Caracas, Venezuela	8/43-12/43	Official
Asuncion, Paraguay	3/45-11/46	Police Liaison
Montevideo, Uruguay	5/42-10/42	Undercover
Havana, Cuba	12/42-1/46	Official
Buenos Aires, Argentina	3/46-8/46	Official
Veracruz, Mexico	10/42-5/43	Undercover
Concepcion, Chile	11/43-7/44	Official
Valdivia, Chile	7/44-9/44	Official
Santiago, Chile	9/44-5/45	Official

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NAME	SIS NO.	PLACE	DATE	ASSIGNMENT
[redacted]		Torreon, Mexico	12/41-7/42	Undercover
		Guatemala City, Guatemala	8/42-7/43	Legal Attache
		Port-au-Prince, Haiti	8/43-7/44	Legal Attache
		Paris, France	5/45-8/45	Army
		Santiago, Chile	1/46-8/46	Official
		Buenos Aires, Argentina	6/45-4/46	Undercover
		Santiago, Chile	1/43-3/43	Plant Survey
		Rio de Janeiro, Brasil	3/43-4/43	Plant Survey
		Buenos Aires, Argentina	4/43-5/43	Plant Survey
		Valdivia, Chile	4/43-11/43	Official
		Quito, Ecuador	1/44-12/44	Police Liaison
		Tegucigalpa, Honduras	6/41-7/42	Undercover
		Montevideo, Uruguay	7/42-1/44	Official
		Caracas, Venezuela	1/44-5/46	Police Liaison
		Sao Paulo, Brasil	9/43-12/44	Undercover
		Valparaiso, Chile	8/43-10/44	Undercover
		La Paz, Bolivia	6/42-1/43	Undercover
		Caracas, Venezuela	8/43-5/44	Official

The following Bureau Officials and Special Agents were in travel status in the SIS Field:

NAME	SIS NO.	DATE
[redacted]		9/45-10/45
		3/45-4/45
		10/41-12/41
		2/42-11/43
		1/44-4/44
		8/43-3/44
		7/44-9/44
		8/43-10/44
		12/44-7/46
		2/42-4/42
		9/43-11/43

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12/40-6/41
4/45-5/45
1/44-3/44
6/44-10/44
11/44-2/45
8/46-9/46
7/45-10/45
11/44-2/45
3/45-6/45
8/45-11/45
5/46-6/46
9/45-10/45
8/44-11/44
6/43-9/43
5/45-7/45
9/40-9/40
9/46-11/46
10/42-4/43
3/45-5/45
4/45-6/46

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NAME

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VIII GENERAL BIBLIOGRAPHY

A. FILE SYSTEMS USED FOR SIS

At the inception of the SIS program the information furnished by the first Agents sent to the foreign field was filed in a folder containing all the information sent in by each Agent. Shortly after the inception of this program, it was realized, however, that a system was needed for the correlating of information pertaining to each type of subject matter. As a result, the system known in the Bureau as the "64" system was developed and this system worked as follows:

LATIN AMERICA
WESTERN HEMISPHERE, GENERAL 64-1000

NATIONALITY

Nazi—A
Japanese—B
Italian—C
Communist—D
Spanish—E
French—F
British—G
American—H
Hungarian—I
Roumanian—J
Swiss—K
Swedish—L
Portuguese—M
Austrian—N

CHARACTER

Political—01
Economic—02
Social—03
Foreign Agents—04
Propaganda—05
Foreign Penetration—06
Sabotage—07
Foreign Residents—08
Military & Naval—10
Foreign Firms—11
Radio Stations—12

CARIBBEAN SEA

Bahama Islands 64-1100
Cuba 64-1200
Dominican Republic 64-1300
Haiti 64-1400
Jamaica 64-1500
Leeward Islands (Guadelupe) 64-1700
Trinidad 64-1800
Bermuda 64-6000
Windward Islands (Martinique) 64-1900

CENTRAL AMERICA

British Honduras 64-2000
Costa Rica 64-2100
Guatemala 64-2200
Honduras 64-2300
Nicaragua 64-2400
Panama 64-2500
Salvador 64-2600

MEXICO

SOUTH AMERICA

Argentina (Falkl. Islands) 64-2800
Bolivia 64-2900
Brazil 64-3000
Chile 64-3100

CHARACTER	SOUTH AMERICA
Anti-Argentina Act—13	Colombia 64-3200
Submarine Act—14 (obsolete)	Ecuador (Galapagos Islands) 64-3300
Telephone Surveillances—15	Guianas (British) 64-3400
Plant Surveys—16 (obsolete)	Guianas (French) 64-3500
	Guianas (Dutch) 64-3600
	Paraguay 64-3700
	Peru 64-1600
	Uruguay 64-3800
	Venezuela 64-3900

In the "64" system, the basis of which is set out above, it is to be noted that, for example, information pertaining to Argentina carried the basic file number, 64-2800. In breaking down this basic number into separate files, the 64-28 was retained and the numbers appearing under the character and nationality listed above were used. For instance, a case involving German espionage in Argentina would carry the number, 64-2807-A. This number was obtained by taking the 64-28 from the basic Argentina number, adding 07 to indicate sabotage, and adding the letter, A, to indicate that the sabotage was German. In the event a case dealt with an Italian radio station located in Colombia, the file number would be 64-3212-C.

It was found necessary at the end of 1943 to further break down the file system in use by SIS and it was at this time that a change was made from the "64" system to the use of the type of file numbers used in the domestic field. In this use of the domestic case numbers a sabotage case would carry the designation of 98. With the installation of the use of the domestic field file number system, it was discovered that some method was needed to refer to the different types of cases which had been investigated in the foreign field. To meet this need, the "green abstract system" was instituted, which provided that a green copy of the abstract slip on a communication or report pertaining to foreign matters would be prepared and this green abstract would be filed under the name of the country and after the name of the country would be filed in the type of case designated by the number it carried. For instance, in a case involving sabotage in Argentina, the green abstract slip would be filed under Argentina and under the 98 section of that country. The "green abstract system" was discontinued after the close of the SIS program in April, 1947. However, the green abstract file which was set up during the SIS program has been kept intact in the Records Section of the Bureau and may be referred to at any time. It is a simple matter, therefore, to determine how many cases of any given type were investigated in any of the foreign countries in which the Bureau operated during the SIS program.

B. GENERAL SIS FILES

The following files are of a general character and pertain to the over-all operation of the SIS program. Files pertaining to individual countries have been listed in the bibliography pertaining to each country. Many of the following files have a number of subsections pertaining to individual countries.

Administration	64-4004
Appropriation	64-4100
Agents Register	64-4149
Assignment of SIS Agents	64-4175
Assignment of Stenographers to Latin American Offices	64-4457
Budget	64-4927
Bulletins Distributed to SIS Employees	64-4662
Radiograms Distributed to SIS Employees	64-4662-A
Bureau Inspections of SIS	64-4509
Codes	64-5005
Contacts - New York Office	64-4102
Covers	64-4148
Contacts of U. S. Representatives with SIS Employees in Latin America	64-4612
Directives	64-5002
Expense Accounts - Employees	64-4249
General Information - Training	64-4200-A
General Information - SIS	64-4000
Informants, General	64-4123
Monthly Administrative Reports	64-4264
Inspections, SIS	64-4242
New York Office, SIS	64-4101
Offers	64-4295
Passport Application Information	64-4627
Payment of Salaries	64-4139
Petty Cash Fund	64-4200-A
Plant Protection in Latin America	64-4527
Prospective Contacts	64-4011
SIS Manual	
Suggestions	64-4120
Training of Employees	64-4108

The following general monographs which were prepared during the time of SIS operations are available in the Bureau library:

Clandestine Radio Stations Utilized By The German Espionage System
United States Dependency on South America
Axis Aspirations Through South America

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The Free French Movement In Latin America
Spanish Falange In The Western Hemisphere
The Communist Movement in Latin America
The Police of Latin America
German Espionage in Latin America
The Japanese in Latin America
Labor-Communist Movement in Central America

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INDEX

		Page
Accomplishments Of SIS In Argentina		229
Accomplishments Of SIS In Austria		274
Accomplishments Of SIS In Bolivia		278
Accomplishments Of SIS In Brazil		287
Accomplishments Of SIS In Canada		321
Accomplishments Of SIS In Chile		323
Accomplishments Of SIS In Colombia		349
Accomplishments Of SIS In Costa Rica		364
Accomplishments Of SIS In Cuba		376
Accomplishments Of SIS In Curacao, Netherlands West Indies		399
Accomplishments Of SIS In The Dominican Republic		400
Accomplishments Of SIS In Ecuador		409
Accomplishments Of SIS In El Salvador		422
Accomplishments Of SIS In England		428
Accomplishments Of SIS In France		432
Accomplishments Of SIS In Germany		434
Accomplishments Of SIS In Guatemala		400
Accomplishments Of SIS In Haiti		452
Accomplishments Of SIS In Honduras		458
Accomplishments Of SIS In Italy		464
Accomplishments Of SIS In Jamacia		466
Accomplishments Of SIS In Japan		468
Accomplishments Of SIS In Mexico		473
Accomplishments Of SIS In Nicaragua		512
Accomplishments Of SIS In Panama		520
Accomplishments Of SIS In Paraguay		524
Accomplishments Of SIS In Peru		540
Accomplishments Of SIS In The Philippine Islands		558
Accomplishments Of SIS In Portugal		561
Accomplishments Of SIS In Spain		564
Accomplishments Of SIS In Trinidad		568
Accomplishments Of SIS In Uruguay		572
Accomplishments Of SIS In Venezuela		587
Administrative Developments In SIS		96
Agreement, Delimitation		49
Ahlrichs, Wilhelm, Interrogation Of		435
Aladren, Jose Maria		564
Alcase - Alejandre Urzaiz Gusman		377
Alexeev, Kirill, Defection Of		498
Almeida e Motta Marques, Ferando Manoel de		302
Alto Case (Mexico)		491
Altschuler, Lydia, Case	b7D	491
[redacted] Participation With SIS		118
American Embassy In Argentina, Attempt To Bomb	b7E	264
[redacted]		565
Anti-United States Propaganda In Mexico	b7C	482
Anti-United States Propaganda In Uruguay		579

	Page
"APFEL" German Sabotage Organization In Venezuela	588
"APFEL" Sabotage Case In Chile	330
"APFEL" Sabotage Group In Brazil	302
Appropriations And Expenditures, Fiscal Year	111
Argentine Diplomatic Code, Procurement, In Brazil	311
Argentina, Operations In	228
Armament Traffic In The Dominican Republic	401
Army, Burglary Investigations For	520
Arpon, Angel - Diamond Smuggling b7D	592
Asiatic And European Schools	103
[redacted] b7C	564
Asociation Alemana de Ayuda Social	527
Association For The Protection Of U. S. Citiz[illegible] b7E n Mexico	482
Atl, Dr. aka Gerardo Murillo	483
Austria, Operations In	274
Axis Activities In El Salvador	422
Axis Agents In American Firms In Argentina	239
Axis Agents In Argentina, Action Against	259
Axis Agents In Bolivia	276
Axis Nationals, Investigation Of	512
Axis Nationals In Nicaragua, Control Of	512
Background And Origin Of SIS	1
Banco Germanico de la America del Sud, Control Of	525
[redacted] b7	599
Bayer-Weskott, Quimica, Drug Confication b	590
[redacted]	281
Bermuda, Operations In b7E	276
Bibliography For Argentina	268
Bibliography For Austria b7C	275
Bibliography For Bermuda	277
Bibliography For Bolivia	284
Bibliography For Brazil	316
Bibliography For Canada	601
Bibliography For Chile	344
Bibliography For Colombia	359
Bibliography For Costa Rica	370
Bibliography For Cuba	393
Bibliography For Curacao, Netherlands West Indies	399
Bibliography For The Dominican Republic	405
Bibliography For Ecuador	417
Bibliography For El Salvador	424
Bibliography For England	431
Bibliography For France	433
Bibliography For Germany	438
Bibliography For Guatemala	449
Bibliography For Haiti	452
Bibliography For Honduras	461

	Page
Bibliography For Italy	465
Bibliography For Jamaica	467
Bibliography For Japan	469
Bibliography For Mexico	506
Bibliography For Nicaragua	516
Bibliography For Panama	521
Bibliography For Paraguay	534
Bibliography For Peru	554
Bibliography For The Philippine Islands	559
Bibliography For Portugal	563
Bibliography For SIS, General	702
Bibliography For Spain	567
Bibliography For Trinidad	571
Bibliography For Uruguay	582
Bibliography For Venezuela	601
Bischoff, Hermann Henrich Rullhusen	351
Black List In Argentina	257
Black List Cases In Colombia	349
Black List Cases In Mexico	481
Black List Firms In Brazil	304
Black List Firms In Venezuela	591
Black List Investigations In Uruguay	578
"BLUE BOOK" On Argentina	263
Blum, Hans Karl Albrecht,	436
Bolivia, Operations In b2	278
Brackx Espionage Case In Italy b7D	464
Brazil, Operations In	267
Budget Bureau Plan	77
[redacted]	428
Burglary Investigations For The Army In Panama	520
Busch, Friederich, Interrigation Of	435
Cable Service	135
"CAMCASE"	565
Carrillo, Rafael Communistic Activities In Mexico	494
CEL Radio Ring In Brazil	290
Cenerini, Marco A.	565
Censorship Liaison With Jamaica	466
Chile, Operations In	323
Chilean Internment Program	337
CIG Assumption Of Intelligence Responsibility In The Western Hemisphere	85
CIG Formation	81
CIT Radio Ring In Brazil	292
"CLOG CASE"	476
"COCASE"	429
Codes And Secret Inks	134
Coffey, Merrill Albert	502
Colombia, Operations In	349

	Page
Colombo, Charles Angelo, Jr.	501
Communications	133
Communism In Honduras	459
Communist Activities In Argentina	254
Communist Activities In Brazil	304
Communist Activities In Chile	338
Communist Activities In Colombia	353
Communist Activities In Costa Rica	366
Communist Activities In Cuba	383
Communist Activities In Dominican Republic	401
Communist Activities In Ecuador	413
Communist Activities In El Salvador	423
Communist Activities In Guatemala	446
Communist Activities In Haiti	453
Communist Activities In Japan	469
Communist Activities In Nicaragua	514
Communist Activities In Peru	548
Communist Activities In Spain	566
Communist Activities In Venezuela	594
Communist Coverage In Venezuela	599
Communist Matters in Paraguay	532
Communist Movement In Argentina	254
Communist Movement In Brazil	304
Communist Movement In Mexico	484
Communist Movement in Uruguay b7D	579
Communist Movement In Venezuela	594
Communist Underground In Mexico b7E	491
[redacted]	119
Confederation Of Workers Of Latin America	487, 488
Conferences, SIS Quarterly	103
Cooperation, Lack Of	71
Cooperation, Lack Of By Army	71
Cooperation, Lack Of By British	74
Cooperation, Lack Of By Navy	73
Cooperation, Lack Of By O.S.S.	74
Cooperation With U.S. Law Enforcement Officers Brazil	311
Cooperative Functions With Other Governmental Agencies	48
Corby Case - Canada	321
Costa Rica, Operations In	364
Countries Other Than Latin America, FBI SIS Work And Coverage	29
Courier System EFE In Argentina	234
Couriers And Diplomatic Pouches b7D	134
[redacted]	118
Coverage In Costa Rica, Early b7E	364
Coverage Development	141
Coverage Of Pan American Conferences	221
Criminal Cases In Guatemala	447

	Page
Criminal Investigations In Cuba	392
Criminal Matters In Mexico	500
Critique	41
Critique And Historical Summary Of SIS	1
Cuba, Operations In	373,375
Cuban-American Internment Program	388
Curtailment Of SIS For Lack Of Funds	645
Cryptographic Textbooks, Procurement Of, In Brazil	312
Dawson Case	432
Delimitation Agreement	49
Determination Of Responsibility For Foreign Intelligence	84
Development Of Coverage	141
Development Of The Legal Attache System	173
Diamond Smuggling - Angel Arpon	592
Diaz, Jose Gregorio	444
Difficulties, Jurisdictional	51
Diplomatic Facilities Surveyed	184
Diplomatic Pouches And Couriers	134
Discontinuance Of SIS, Remarks Concerning	645
Donat, Josef John	447
Donovan, General William, Plan Proposed By b7D	78
[redacted] b7E	564
Double Talk Letters And Mail Drops	133
Douglas, Countess Freda Von Maltsahon	239
Drug Confiscation, Quimica Bayer-Weskott	590
Economic Data In Argentina	257
Economic Matters In Paraguay	532
EFE Courier System Argentina	234
Embassy Cooperation In Chile	341
Employee, Individual Finances	108
Epstein, Jacob, Communistic Activities In Mexico	494
Espionage Activities In Argentina Tomiya; Koseki And Shozo Murai	244
Espionage Investigations In Guatemala	441,443
Espionage, Japanese, In Portugal	561
European And Asiatic Schools	103
Expenditures And Appropriations, Fiscal Year	111
Facilities Of SIS In Argentina	228
Facilities Of SIS In Austria	274
Facilities Of SIS In Bermuda	276
Facilities Of SIS In Bolivia	278
Facilities Of SIS In Brazil	287
Facilities Of SIS In Chile	323
Facilities Of SIS In Colombia	349
Facilities Of SIS In Costa Rica	362,364
Facilities Of SIS In Cuba	375

	Page
Files For Panama, Administrative	523
Files For Paraguay, Administrative	536
Files For Peru, Administrative	557
Files For The Philippine Islands, Administrative	559
Files For Portugal, Administrative	563
Files For Spain, Administrative	567
Files For Uruguay, Administrative	585
Files For Venezuela, Administrative	604
Files For Argentina, Investigative	268
Files For Austria, Investigative	275
Files For Bermuda, Investigative	277
Files For Bolivia, Investigative	284
Files For Brazil, Investigative	316
Files For Canada, Investigative	322
Files For Chile, Investigative	344
Files For Colombia, Investigative	359
Files For Costa Rica, Investigative	376
Files For Cuba, Investigative	394
Files For Dominican Republic, Investigative	405
Files For Ecuador, Investigative	417
Files For El Salvador, Investigative	426
Files For England, Investigative	431
Files For France, Investigative	433
Files For Guatemala, Investigative	449
Files For Haiti, Investigative	454
Files For Honduras, Investigative	461
Files For Jamaica, Investigative	467
Files For Japan, Investigative	469
Files For Mexico, Investigative	506
Files For Nicaragua, Investigative	516
Files For Panama, Investigative	521
Files For Paraguay, Investigative	534
Files For Peru, Investigative	554
Files For Portugal, Investigative	563
Files For SIS, General	704
Files For Spain, Investigative	567
Files For Uruguay, Investigative	585
Files For Venezuela, Investigative	601
Finances	107
Finances Of Individual Employee	108
Finances SIS	33
Fiscal Year Appropriations And Expenditures	111
Foreign Economic Administration, Japanese Data Furnished To	313
Foreign Intelligence Coverage, Post-War Plans For	76
Foreign Intelligence, Determination Of Responsibility For	84
Foreign Ministers Conference, London, England	223
Foreign Minister's Conference, Moscow, Russia	223

	Page
Formation Of CIG	81
Fourth Inter-American Conference of Foreign Ministers, Mexico City	221
"FREE EUROPEAN MOVEMENTS" In Mexico	487
"FREE GERMANY" Movement	489
French Intelligence Service	430
Funds, Handling Of	107
Fuhrman Plan For Nazi Conquest Of Uruguay	574
Garcia (Reyes), Jose, Communistic Activities In Mexico	494
Garvet, Henri Catherin	247
General Bibliography	702
General Operations	180
German Activities In Argentina	229
German Activities In Brazil	287
German Activities In Chile	323
German Activities In Colombia	349
German Activities In Costa Rica	365
German Activities In Cuba	376
German Activities In The Dominican Republic	401
German Activities In Ecuador	409
German Activities In Mexico	473
German Activities In Paraguay	525
German Activities In Peru	542
German Activities In Spain	565
German Activities In Uruguay	572
German Activities In Venezuela	587
German Communists In Mexico	487
German Documents, Captured	436
German Espionage Activities In The American Embassy, Berlin	437
German Espionage - Paul Kaas - Uruguay	575
German Espionage In Portugal	561
German Legation Archives In Panama, Survey Of	520
German Nationals In Cuba, Control Of	376
German Social Aid Association In Paraguay	527
Germanic Union Of Paraguay	528
Germans In Bolivia, Deportation Of	279
Germans, Deportation Of, In Ecuador	410
Germans, Deportation Of, From El Salvador	422
Germany, Operations In	434
Goering, Herman, Interrogation Of	435
Gomez (Lorenzo), Rosedo, Communistic Activities In Mexico	494
Governmental Agencies, Cooperative Functions With	48
"GRAF SPEE" Personnel In Argentina	237
"GREEN SHIRT" Movement In Brazil	310
Guadagni, Zato John George Michel	445
Guatemala, Operations In	440
Guillermo, Hellemann (Crewe)	335

	Page
Haiti, Operations In	452
Honduras, Operations In	458
HDZ Case In Argentina	230
Heiden, George Richard	502
Historical Summary And Critique	1
Hopf, Ernst Oscar	476
HTT Radio Ring In Brazil	299
Informant Coverage In Italy	495
Informant Coverage In Venezuela	598
In-Service School, SIS	100
Inspection Procedures	105
Integralist Party In Brazil	310
Intelligence Committee Of The Joint Chiefs Of Staff, Plan Proposed By	79
Intelligence Responsibility In The Western Hemisphere, CIG Assumption Of	85
Internal Affairs In Costa Rica	369
International Criminal Police Commission	220
Internment Program In Colombia	353
Internment Program, Joint Cuban-American	388
Internment Program In Haiti	452
Internment Program In Honduras	458
Internment Program In Guatemala	440
Internment Program In Peru	540
Interrogations In Trinidad	569
Investigative Files For Uruguay	582
Italian Activities In Argentina	250
Italian Activities In Ecuador	412
Italian Espionage In Argentina	351
Italy, Operations In	464
Jamaica, British West Indies, Operations In	466
Japan, Operations In	468
Japanese Activities In Argentina	244
Japanese Activities In Chile	338
Japanese Activities In Cuba	379
Japanese Activities In Ecuador	413
Japanese Activities In Paraguay	530
Japanese Activities In Peru	545
Japanese Espionage In Portugal	561
JAPSA Network In Argentina	248
JOH Radio Group In Brazil	299
Joint Chiefs Of Staff, Joint Intelligence Committee Of, Plan Proposed By	79
Jurisdictional Difficulties	51
Jurisdictional Difficulties And Lack Of Cooperation	35
Kaas, Paul	575
Katz, Benjamin	466
Kidnapping Of Mauricio Hochschild	280
Klarin, Povel Pantelesevich, Soviet Activities In Mexico	495
Kunze, Gerhard Wilhelm	475

	Page
Lack Of Cooperation	71
Lack Of Cooperation And Jurisdictional Difficulties	35
LACP Convention, Miami Beach, Florida, December 10-12, 1945	219
Latin American Law Enforcement Officials, Police Liaison Training	187
Latin American Officials Visits To The Bureau	187
Latin American Operations, Peak Period	22
Law Enforcement Officials, In Latin American, Training And Police Liaison	187
Lectures, SIS	96
Legal Attache System, Development Of	173
LFS Radio Ring In Brazil	296
Liaison Office Established At U. S., Embassy, France	432
LIR Group Buenos Aires Branch	229
LIR Radio Ring In Brazil	294
"LITTLE ANGELO" Scerria	501
Lucas, William Otto	444
Luning, Heinz August	336
Luning, Heinz August, Espionage Case	378
Mail Drops And Double Talk Letters	133
Medellin (Ostes), Octavio, Communistic Activities In Mexico	495
Memos, Special, Remarks Concerning	640
Mexican Communist Party	484
Mexican Fugitive Located	501
Mexican Microdot Case	476
Mexican Police Congress Guadalajara, Mexico, Second National	219
Meyer (Ryser), Hannes, Communistic Activities in Mexico	495
Microdot Case, Mexican	476
Microdot Equipment in Portugal, Inspection Of	561
Misconduct of Embassy Secretary In Honduras	459
Monographs	223
Monographs On Argentina	272
Monographs On Bolivia	286
Monographs On Brazil	320
Monographs On Chile	347
Monographs On Colombia	362
Monographs On Costa Rica	374
Monographs On Cuba	398
Monographs On Ecuador	421
Monographs On El Salvador	425
Monographs On Guatemala	451
Monographs On Haiti	457
Monographs On Honduras	461
Monographs On Mexico	510
Monographs For Paraguay	537
Monographs For Peru	640
Monographs, Remarks Concerning	640
Monographs For Uruguay	585
Monographs For Venezuela	604

	Page
Monozite Deposits In Brasil	313
Murillo, Gerardo aka Dr. Atl	483
Nazi "BIGWIGS" And Intelligence Chiefs, Interrogation Of	434
Nazi Conquest of Uruguay	574
Nelken Mansberger de Paul, Margarita, Communistic Activities In Mexico	496
Nicolaus, George, German Espionage In Mexico	478
NOI Radio Station In Chile	334
Oil Companies, Plant Surveys	593
Oil Company, Contacts In Venezuela	598
Operations, Peak Period In Latin America	22
Operations Outside The Western Hemisphere	174
Organizational Development At The Seat Of Government	178
Organization And Improvement Of Techiniques	11
Organization And Techniques Employed In SIS	2
Orgin And Background of SIS	1
Orgin And Scope Of SIS	46
Oumansky, Constantin, Death Of	497
Objectives Of SIS In Germany	434
Objectives Of SIS In Guatemala	440
Objectives Of SIS In Haiti	452
Objectives Of SIS In Honduras	458
Objectives Of SIS In Italy	464
Objectives Of SIS In Jamaica	466
Objectives Of SIS In Japan	468
Objectives Of SIS In Mexico	471
Objectives Of SIS In Nicaragua	512
Objectives Of SIS In Panama	519
Objectives Of SIS In Paraguay	524
Objectives Of SIS In Peru	538
Objectives Of SIS In The Phillipine Islands	558
Objectives Of SIS in Portugal	560
Objectives Of SIS In Spain	564
Objectives Of SIS In Trinidad	568
Objectives Of SIS In Uruguay	572
Objectives Of SIS In Venezuela	587
Objectives Of SIS In Argentina	228
Objectives Of SIS In Austria	274
Objectives Of SIS In Bermuda	276
Objectives Of SIS In Bolivia	278
Objectives Of SIS In Brazil	287
Objectives Of SIS In Canada	321
Objectives Of SIS In Chile	323
Objectives Of SIS In Colombia	349
Objectives Of SIS In Costa Rica	364
Objectives Of SIS In Cuba	375
Objectives Of SIS In Curacao, Netherlands West Indies	399
Objectives Of SIS In The Dominican Republic	400

	Page
Objectives Of SIS In Ecuador	409
Objectives Of SIS In El Salvador	421
Objectives Of SIS In England	428
Objectives Of SIS In France	432
Pan American Conference Coverage	221
Pan American Congress Of Criminology, Santiago, Chile	215
Pan American Police Conference 1943	212
Panella de Silva, Manuel Enrique	443
Paraguay, Revolution In	533,534
Paraguayan Government Officials, Relations With	524
Paraguayan Identification Documents, Graudlent	529
Peak Period Of Operations In Latin America	22
Personnel In Argentina	265
Personnel In Austria	275
Personnel In Bermuda	277
Personnel In Bolivia	283
Personnel In Brazil	313
Personnel In Canada	322
Personnel In Chile	342
Personnel In Colombia	357
Personnel In Costa Rica	370
Personnel In Cuba	393
Personnel In Curacao, Netherlands West Indies	399
Personnel In The Dominican Republic	404
Personnel In Ecuador	415
Personnel In El Salvador	424
Personnel In England	431
Personnel In France	433
Personnel In Germany	438
Personnel In Guatemala	448
Personnel In Haiti	454
Personnel In Honduras	460
Personnel In Italy	465
Personnel In Japan	469
Personnel In Jamaica	466
Personnel In Mexico	503
Personnel In Nicaragua	515
Personnel In Panama	521
Personnel In Paraguay	534
Personnel In Peru	552
Personnel In The Philippine Islands	559
Personnel In Portugal	563
Personnel In Spain	567
Personnel In Trinidad	570
Personnel In Uruguay	581
Personnel In Venezuela	599
Personnel, Selection And Training	96

	Page
Peruvian Army, FBI Intelligence Schools For	552
Plant Surveys - Oil Companies	593
Plant Surveys, Remarks Concerning	644
Platinum Smuggling In Colombia	354
Plan FBI	80
Plan Proposed By Joint Intelligence Committee Of The Joint Chiefs Of Staff	79
Plan Proposed By General William Donovan	78
Plant Survey Program	180
Plant Surveys In Bolivia	280
Poensgen (Koch) Ludolf Oscar Max	352
Police Conference, Buenos Aires, Argentina May 27, 1942	211
Police Department, Manila, P. I., Reorganization Of	558
Police Liaison Agents Training School	190
Police Liaison By Countries	191
Police Liaison And Training Of Law Enforcement Officials In Latin America	177
Police Relations In Cuba	392
Political Activities In Bolivia	281
Political Activities In Ecuador	415
Political Coverage In El Salvador	423
Political Activities In Guatemala	447
Political Activities In Honduras	459
Political Activities In Peru	550
Political Affairs In Japan	469
Political Affairs In Panama	520
Political Affairs In Paraguay	533
Political Affairs In Venezuela	597
Political Coverage In Haiti	452
Political Matters In Brazil	308
Political Matters In Cuba	390
Political Matters In Nicaragua	514
Political Situation In Argentina	263
Political Situation In Colombia	357
Political Trends, Internal, The Dominican Republic	400
Portuguese And Spanish Training	98
Post-Spanish Training And Supervision	99
Post-War Liaison	430
Post-War Plans For Foreign Intelligence Coverage	76
Pound Treason Case	464
PQZ Radio Ring In Chile	332
Presidential Directive Setting Up CIG	81
Presidential Directive, SIS	47
PYL Radio Ring, Colombia Brance	350 & 352
PYL Radio Ring In Chile	326
Rabe, Fritz Arthur Berthold	577
Radio Cases HDZ In Argentina	230
Radio Case LIR In Argentina	229
Radio Group JOH, Brazil	299

	Page
Radio Network, FBI	136
Radio Ring CEL, Brazil	290
Radio Ring CIT, Brazil	292
Radio Ring HTF, Brazil	299
Radio Ring LFS, Brazil	296
Radio Ring LIR, Brazil	294
Radio Ring NOI In Chile	334
Radio Ring PQZ In Chile	332
Radio Ring PYL In Chile	326
Refugee Traffic In Cuba, Illicit	389
Remarks Of American Businessmen Doing Business Abroad Regarding SIS Operations And Personnel	627
Remarks By Army Regarding SIS Operations And Personnel	631
Remarks By Board Of Economic Warfare Regarding SIS Operations And Personnel	621
Remarks By Department Of Commerce Regarding SIS Operations And Personnel	628
Remarks By Commissioner Of Narcotics Regarding SIS Operations And Personnel	
Remarks By Coordinator Of Inter-American Affairs Regarding SIS Operations And Personnel	
Remarks By Department Of Justice Regarding SIS Operations And Personnel	
Remarks By Foreign Agencies And Individuals Regarding SIS Operations And Personnel	
Remarks By Foreign Economic Administration Regarding SIS Operations And Personnel	628
Remarks By Navy Regarding SIS Operations And Personnel	624
Remarks By State Department Regarding SIS Operations And Personnel	605
Repatration Of Axis Nationals In Colombia	350
Revolution In Brazil	310
Revolution In Ecuador	415
Revolutionary Activities In Bolivia	281
Revolutionary Movements In Venezuela	598
Revolutions, Political, In Bolivia	282
Revolutions In South America, Argentine Promotion Of	551
Rios (Lavin), Enrique de Los, Communistic In Mexico	496
Rosal (Diaz), Amaro, Communistic Activities In Mexico	496
"RUCASE"	578
"RULE CASE", German Espionage	351
Russian Matters In Germany	438
Sabotage Group APFEL In Brazil	302
Scerria, "LITTLE ANGELO"	501
Schwartau Eskildsen, Herberto	350
Scope And Origin Of SIS	46
Seat Of Government, Organizational Development	178

	Page
Secret Inks And Codes	134
Security Measures Taken In Mexico Based On Information Supplied By The Bureau	498
Selection And Training Of Personnel	96
Seqeiros, Jose David Alfaro, Communist Activities In Mexico	493
Shozo Muri Espionage Activities In Argentina	244
Shriber, Elsie, Case In Mexico	474
SIS Accomplishments In Argentina	228
SIS Files For SIS General	704
SIS Finances	33
SIS Historical Summary And Critique	1
SIS In-Service School	100
SIS Lectures	96
SIS Lectures 1944	100
SIS Origin And Background	1
SIS Origin And Scope	46
SIS Peak Period Of Operations In Latin America	22
SIS, Presidential Directive	47
SIS Quarterly Coverences	103
SIS Statistics	224
SIS Work And Coverage In Foreign Countries Other Than Latin America	29
Smuggling Activities In Bolivia	279
Smuggling, Diamond	592
Smuggling In Paraguay	531
[redacted] b2 b7C	564
Spanish Activities In Cuba	382
Spanish Activities In Peru b7D	547
Spanish Communist Activities In Mexico	490
Spanish Diplomatic Code, Procurement Of	423 & 599
Spanish Falange Activities In Colombia	353
Spanish Falange Activities In Costa Rica	368
Spanish Falange Activities In Dominican Republic	403
Spanish Falange Activities In El Salvador	423
Spanish And Portuguese Schooling	98
Special Agents On SIS, Master List	668
Special Employees On SIS, Master List	668
Soviet Activities In Brazil	307
Soviet Activities In Venezuela	595
Soviet Diplomatic Activities In Argentina	256
Soviet Diplomatic Activities In Chile	341
Soviet Diplomatic Activities In Cuba	387
Soviet Diplomatic Activities In Mexico	497
Soviet Diplomatic Activities In Uruguay	581
Soviet Intelligence Activities In Argentina	256
Soviet Intelligence Activities In Venezuela	596
Soviet Intelligence System In Cuba	387
Stagni, Pablo	529
[redacted]	430

	Page
Statistics SIS	224
"STAY-BEHIND" Groups In Argentina	240
Streeter, Mark Lewis	468
Streich, Alter	528
Sunset Case, Japan	468
Surveys Of Diplomatic Facilities	184
Surveys Made, Plant	181
Tarasov, Leo Alexandrovich, Soviet Activities In Mexico	496
Technical Data In Brazil, Procurement Of	312
Technique Improvement And Later Organization	11
Techniques And Organization Employed In SIS	2
Termination Of SIS, Remarks Concerning	650
Tokyo Rose	468
Toledano, Vincente Lombardo	485
Tomiya Koseki Espionage Activities In Argentina	244
Trabal, Juan Alberto Bove	576
Training Of Law Enforcement Officials In Latin America	187
Training School For Police Liaison Agents	190
Transocean News Service In Ecuador	411
Travel Control Program In Cuba	389
Trotsky, Leon, Murder Of	492
Union Germanico del Paraguay	528
United Nations Conference On International Organization	222
U. S. Army Request For Information In Germany	437
United States Embassy, Investigations For	561
U. S. Embassy Liaison Office, France	433
U. S. Mail Robbery Between Guatemala And The U. S.	448
Urzaiz, Gusman, Alejandro	377
Uses Made Of SIS Information In Argentina	257
Venezuelan Oil, Attempted Purchase Of	591
Venezuelan Revolution In	597
Vivo, Jorge Abelio, Communistic Activities In Mexico	496
Vogel, Max	351
Waltemath, Werner Christopl	299
War Room Liaison	429
Western Hemisphere, Operations Outside Of	174

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1941-1942

ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1941 - 1942

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TABLE OF CONTENTS

	PAGE
HISTORY OF SPECIAL INTELLIGENCE SERVICE	1
PURPOSES AND FUNCTIONS OF SIS	2
FINANCES	2
ORGANIZATION OF SIS	
SEAT OF GOVERNMENT	2
RECRUITMENT OF SPECIAL AGENTS AND SPECIAL EMPLOYEES	3
SPANISH LANGUAGE TRAINING PERIOD	4
POST SPANISH TRAINING PERIOD	4
TRAINING OF SPECIAL EMPLOYEES	5
COVERS AND COVER COMPANIES	5
SIS MEN UNDERCOVER	17
FBI ATTACHES IN THE UNITED STATES MISSIONS	17
SIS AGENTS ON SPECIAL ASSIGNMENT	18
SIS FIELD INSPECTIONS	19
NEW YORK SIS OFFICE	19
ACCOMPLISHMENTS	21

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HISTORY OF THE SPECIAL INTELLIGENCE SERVICE

In July, 1940, the United States State Department requested the Federal Bureau of Investigation to assume the responsibility for investigations of subversive activities throughout the Western Hemisphere, and in special instances requested the Federal Bureau of Investigation to cover specific assignments outside the Western Hemisphere. This request of the State Department was approved by the President of the United States, and the Federal Bureau of Investigation organized a section known as the Special Intelligence Service for the purpose of obtaining information regarding subversive activities and information concerning political, financial and economic activities throughout the Western Hemisphere. b7E

Thereafter in January, 1942, the President of the United States issued a confidential directive to the heads of interested government departments and agencies, requesting that these units of the Federal Government clear directly with the Federal Bureau of Investigation any intelligence matters pertaining to the Western Hemisphere. This directive authorized and instructed the Director of the Federal Bureau of Investigation to convene meetings of the chiefs of the corresponding intelligence services operating in the Western Hemisphere and to maintain liaison with all intelligence agencies therein. b7E

PURPOSES AND FUNCTIONS OF SIS

At an intelligence conference held in Washington, July 26, 1940, at which there were representatives of various United States governmental agencies, it was agreed that the Special Intelligence Service of the Federal Bureau of Investigation would operate throughout the Western Hemisphere. This Service would have as its purpose the obtaining of all types of information, including economic, industrial, financial and political, which would be of interest to the various departments and agencies of the Federal Government. At the same time the Special Intelligence Service would emphasize in its operations the obtaining of data relating to the activities, the identities and the operations of individuals and corporations throughout the Western Hemisphere who were acting in a manner detrimental to the best interest of the United States. b7E

In addition to the functions agreed to in July of 1940, the Federal Bureau of Investigation through its SIS has placed in strategic areas representatives who are acting in a liaison capacity with the intelligence services of the other Allied Nations. b7E

Since its inception, the Special Intelligence Service of the Federal Bureau of Investigation has placed throughout the Western Hemisphere outside of the territorial limits of the Continental United States operatives who are in constant contact with the Seat of Government in Washington D. C., and who advise the Federal Bureau of Investigation as to the various b7E

ALL INFORMATION CONTAINED HERE IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

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types of activities rampant in the sections of the hemisphere where they are stationed. This information is furnished the Federal Bureau of Investigation through special couriers, radio, cable and air mail by messages and reports. The data are correlated at the Seat of Government in Washington, D. C., and are transmitted to the various interested Federal agencies. &U

When necessary, dangerous agents of the Axis powers are followed from country to country throughout the Western Hemisphere, with the Seat of Government being constantly advised of their whereabouts and activities. In turn, the Federal Bureau of Investigation keeps the interested Federal departments advised as to the movements and activities of these Axis operatives. &U

FINANCES

During the fiscal year, 1940 - 1941, the total sum of $400,000.00 was appropriated by the Bureau of the Budget for the use of the Special Intelligence Service. This fund was earmarked out of the secret fund made available to the President of the United States by Congress. As of July 1, 1941, $135,737.49 had been expended by the Special Intelligence Service.

In the fiscal year, 1941 - 1942, the total sum of $764,212.51 was appropriated for the use of the SIS. This entire sum has been expended by the Special Intelligence Service.

This expenditure is detailed as follows:

Salaries	$316,173.52
Expenses of SIS Operatives	405,369.47
Maintenance of Confidential Sources of Information	35,072.49
General Expenses	7,597.03

ORGANIZATION OF SIS

SEAT OF GOVERNMENT

At the Seat of Government in Washington, D. C., the SIS Division of the Federal Bureau of Investigation maintains a supervisory staff whose purpose is to follow and supervise the work of the SIS agents and employees in the foreign field. This group at the Seat of Government is charged with a variety of duties which include the selection of Special Agents from the domestic field of the Federal Bureau of Investigation, the training and placement of the agents in various parts of the Western Hemisphere; the supervision of reports submitted by these operatives and the correlation of reports from various sections of the Western Hemisphere with the &U

subsequent furnishing of comprehensive data to various interested agencies of the Federal Government or to the domestic divisions of the Federal Bureau of Investigation for action within the United States. &U

This supervisory group at the Seat of Government likewise follows the efficiency and productiveness of various operatives in the field, and where necessary recommends their removal or their transfer from their post of assignment. In addition, the supervisors guide the operatives in the field in the proper expenditure of money and the obtaining of intelligence information.

With respect to this supervision, the supervisors at the Seat of Government are so divided that information emanating from certain countries is handled by certain individuals who due to their familiarity with the affairs of that particular country or countries become expert in the conditions existing in the territory over which they supervise. The functions of this unit are, of course, under the close guidance of the Director of the Federal Bureau of Investigation. &U

The Supervisory Staff at the Seat of Government also maintains complete financial records pertaining to SIS work, and makes all disbursements to the SIS operatives, such as salaries, expenses and expenditures for confidential informants. All such expenditures are made through a bank in New York City, and in no way is Washington, D. C. or the District of Columbia reflected in any of these transactions. &U

RECRUITMENT OF SPECIAL AGENTS AND SPECIAL EMPLOYEES

From a variety of sources, the names of Special Agents assigned to the domestic field are received in the SIS Division. Their personnel files are obtained and reviewed daily. In addition, letters and applications are received by the SIS Division from persons in civilian life who indicate a desire to work for the United States in Latin America. With respect to this latter class, requests are made of the appropriate field division to interview the applicants and advise the Bureau of their possible adaptability to SIS work. &U

Many agents have written to the Bureau from the domestic field indicating a desire to be considered for SIS work. Other agents upon being interviewed during In-Service Training have likewise indicated an interest in SIS work. The personnel files of these agents are immediately reviewed, and if considered adaptable to SIS work, their files are briefed for subsequent action. &U

In addition, the SIS Division has obtained an alphabetical list of all single agents of the Bureau who as of June 1, 1942, have had at least one year's experience as Special Agents. Progressively the personnel files on this list are reviewed, and where the agents appear adaptable to

SIS work, those files are briefed for further consideration. Thereafter groups of twenty are called in for SIS training from the list previously considered adaptable.

SPANISH LANGUAGE TRAINING PERIOD &U

The first five weeks that agents are in Washington they undergo an intensive course in the Spanish Language. These classes are six days a week from 9:00 a.m. to 9:00 p.m. The Spanish course is interspersed with lectures by the supervisory personnel of the SIS Division on subjects relating directly to SIS work in Latin America. &U

In addition to the main body of agents who undertake Spanish training in each group of new SIS agents, two or three enroll in the Berlitz School of Languages for training in Portuguese. These agents receive individual instruction in the Portuguese Language, taking a course made up of twenty-five separate lessons. Of course, the training received at the Berlitz School is obtained by the agents as individual civilians, and the Federal Bureau of Investigation does not enter into this part of the training. &U

During the Spanish or Portuguese training period, each agent in the class is interviewed in the SIS Division. During this interview the agent's educational and experience background, both while connected with the Bureau and previous to his employment in the Bureau, is gone into in detail. These personal interviews afford the SIS Division an opportunity to see each agent individually and to size up his temperament, adaptability and versatility for a particular SIS assignment. &U

After all of the agents pursuing the Spanish or Portuguese training are interviewed, their educational and experience background is studied, and they are given assignments to a place where their background and physical appearance make them best suited. In making these assignments, consideration is also given to whether or not the particular agent can carry out in an undercover capacity a position that would be logical in the country to which he is assigned. &U

POST SPANISH LANGUAGE TRAINING PERIOD &U

Following the agent's successful completion of the Spanish or Portuguese training period, those who survive are given further training for their SIS assignments. This training consists of the reading of various books on Latin America; the reviewing of Bureau files pertaining to the particular Latin American country to which they are assigned; the conferring with the supervisor of the country to which they have been assigned; the preparing and writing of various memoranda for this &U

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supervisory; the receiving of instructions in coding and the use of secret ink from the technical laboratory; the studying of the nature of the business of their cover company; and the receiving of special instructions from their cover company. &U

It will be noted that this period of training is highly individualized and is not subject to class room methods. However, a form has been devised whereby a daily record is kept of the activities of each agent during this period. It will be furthermoted that the entries appearing on this daily report of the entire group are posted in a running memorandum which is kept pertaining to the progress of each agent during this training period.

During the latter part of the training period, the SIS Division supervises the agents' obtaining of passports, visas and transportation reservations to Latin America. &U

Previous to the departure of any agent the entire group is afforded instructions as to the various methods of communicating with the Bureau in their undercover capacities, and each agent is furnished with a drop box in New York City together with a fictitious name that is to be signed to his communications. &U

TRAINING OF SIS SPECIAL EMPLOYEES

In view of the fact that no persons are appointed as special employees unless they are adept in the language of the country in which they are to be assigned, no Spanish training is given them. However, to familiarize the use, the nature and types of information desired by the SIS Division, they are given detailed instructions in the content of reports previously received from SIS operatives. They are given specific instructions in the use of codes, the manner in which they are to communicate with the Bureau, the general manner in which they are to operate and are given a complete verbal description of the purposes and functions of the SIS Division together with the individual part that they will play in the operations of SIS. &U

COVERS AND COVER COMPANIES &U

After successfully completing the SIS training, the agent is ready to depart for his post of assignment, and his assignment being of such a confidential nature, it is known only to a high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SIS Division. &U

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The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reason to send employees into Latin America. The covers available to the SIS Division include representatives of [redacted] and a variety of other occupations in which individual agents or special employees are particularly adept by experience and ability. S U

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The companies which have made themselves available for this purpose are listed as follows: S U

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The above concerns and their connection with the Bureau are described briefly as follows. 8 4

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[redacted]

At the present time, the organization is actually managed by [redacted] has not been contacted by the Bureau and all arrangements for the use of this cover have been handled through [redacted] is not very widely known and [redacted] and an article entitled [redacted] The latter is currently being featured in newspapers throughout the United States. 8 4

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[redacted] as a result of the success of [redacted] conceived the idea of [redacted] South Americans and it is under the pretext of sending representatives to South America [redacted] that Agents of this Bureau use this cover. At no time has [redacted] insisted that Agents of this Bureau, who are representing his firm, submit material but he has indicated that the cover would be more successful if material is submitted. 8 4

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[redacted] has been most cooperative and in an interview with the State Department relative to his company, he stated that the individuals whom he was sending to Latin America were not [redacted] but were individuals selected from a great many applicants based on material which had been submitted to him [redacted] 8 4

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[redacted]

[redacted]

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[redacted] has been most cooperative and prior to a Bureau representative departing from New York, [redacted] gives him detailed instructions as to his duties in South America [redacted]

[redacted]

In view of the great decline in bona fide commercial relations between the United States and other American Republics since the entrance of the United States into the War, the value of this cover has declined and is not being as extensively used as prior to the entrance of the United States into the War. XU

[redacted]

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[redacted] New York City, [redacted] by reporting on the [redacted] This company has been in existence for approximately [redacted] and is said to be the only service of its kind in the United States. This company [redacted] and is constantly being requested to furnish its clients in the United States information regarding persons in Central and South America. This company is well-known throughout Latin America and Bureau representatives using this cover are able to make inquiries in any section of Latin America without exciting any suspicion. [redacted] has indicated his willingness to provide covers upon request and [redacted] has been most cooperative in training the Bureau representatives in the manner in which they should conduct themselves as representatives of [redacted] XU

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To make this cover more secure at various times, [redacted] will request the Bureau representatives to actually conduct a legitimate inquiry for his concern. XU

[redacted]

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[redacted] This company has been in operation for [redacted] and has its own representatives [redacted] XU

[redacted] has been most cooperative and is extremely anxious to assist the Bureau at all times. XU

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[redacted] has furnished covers for Bureau representatives in all places where they appear practical and [redacted] personally instructs each Agent using this cover as to the general nature of [redacted] business and has furnished each Agent with specific instructions regarding the point where he is to be assigned. X U

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This cover requires very little of the Bureau representative's time and makes the majority of his time available for the purpose of securing information in which the Bureau is interested. X U

[redacted] makes frequent trips into Latin America on which trips he contacts the various Bureau representatives thereby making their cover more secure. X U

[redacted]

[redacted]

is one [redacted]
This company was organized in [redacted] as a [redacted] and the present organization is the result of several mergers and consolidations with other agencies in the same field.

This organization maintains offices in the principal cities throughout the Western Hemisphere and through [redacted]
Bureau representatives have been sent to various points in Latin America to be representatives of the [redacted] of this concern. The representatives have free access to all [redacted] records at these various places and have the free run of the various offices, ostensibly being responsible only to the [redacted] have been most cooperative and have spent considerable time in training the Bureau representatives in the work of [redacted]. This cover is quite elastic as a representative of [redacted] is expected to make inquiries of any nature and at the same time, the Bureau representative's official connection with the United States Government is not known to the local representatives of [redacted] X U

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[redacted]

[redacted] is a [redacted] concern owned by [redacted] whose entire production facilities at the present time are devoted to war work, however, in peace time, the management specializes [redacted]. This concern normally manufactures [redacted] with [redacted]

[redacted]

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Prior to the present War, [redacted] did considerable work in Latin America and at one time considered the advisability of [redacted] b7D b7E

The desirability of this cover since the United States has entered the War has been reduced and is presently not being used as extensively as in the past.

[redacted] b7C

[redacted] b7D

[redacted] b7E

Bureau representatives using this cover can proceed to Latin America in a dual capacity, one being for the purpose of getting data for [redacted] and the other being for the purpose of [redacted] who may possess [redacted] of the type desired by [redacted]

b7C

As will be noted, this cover is most elastic and gives the Bureau representative an opportunity to ask various questions concerning any number of subjects without arousing suspicion. b7D b7E

[redacted] b7C

[redacted] which is reported to be the [redacted] b7D

[redacted] b7E

[redacted] has been most cooperative in instructing Bureau representatives [redacted] and has designated Bureau representatives as [redacted] rather than [redacted] In order to make this cover more secure [redacted] has furnished each Bureau representative with [redacted] and has actually had [redacted] which were prepared by Bureau representatives.

This cover actually takes very little of an Agent's time yet at the same time it provides an excellent front because of the fact that these representatives are interested in gathering data [redacted]

[redacted]

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[redacted]

Through [redacted] the Bureau has been able to send several representatives into Latin American countries. This cover is only good in the larger cities and requires no actual work on the part of the Bureau representative and in order to operate under this cover, it is only necessary that the Bureau representative become conversant with certain fundamentals of [redacted] S U

[redacted]

[redacted] is a [redacted] and [redacted] Under this cover, Bureau representatives are able to operate in any section of Latin America as [redacted] who has a most profound knowledge and understanding of business, commerce, and economic geography of the American Republics, is constantly being requested to furnish information relative to [redacted] S U

[redacted] has been most cooperative and each Bureau representative sent out under this cover receives detailed instructions from [redacted] regarding the particular subject matter which he, the Bureau representative, is to study in a particular section of Latin America. S U

[redacted]

This cover is especially suitable for Bureau representatives in the smaller cities and rural sections of Latin America [redacted]

[redacted] has been extremely cooperative in instructing Bureau representatives in the nature of the work performed by [redacted] and this cover is being used to considerable advantage. S U

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All Bureau representatives using this cover have been designated by [redacted] and in that capacity do not necessarily have to have [redacted] This cover is also most elastic as the amount of time required depends entirely upon the Bureau representative and further, the Bureau representative can make any number of inquiries under this cover as there is no prearranged subject matter for him to cover. b7E

[redacted] have been most cooperative in the Bureau's SIS program and this cover particularly at the present time is very good due to the fact that Bureau representatives can proceed to Latin America under this cover on the pretext of obtaining information which would be of value to [redacted] in postwar days.

[redacted] concern doing one of the largest [redacted] and being a member of [redacted]

b7C

This concern has offices in [redacted] in the United States as well as in [redacted] Through [redacted] in charge of sales promotion and advertising, the Bureau has been able to send representatives into Latin America for the purpose of actually establishing and opening offices for this concern. Prior to proceeding to Latin America, this concern arranges a two-week course of instruction at [redacted] and has been most cooperative in this matter. b7D b7E

The Bureau representatives actually open offices and transact business for this concern. This is one of the few covers which the Bureau is using in which the Bureau representatives actually transact business for the cover and is considered to be most secure. This cover obviously can only be utilized in the larger Latin American cities.

[redacted] did operate [redacted]

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[redacted]

Through [redacted] the Bureau has been able to place representatives in Brazil under the cover of being [redacted] This cover is exceptionally good due to the fact that [redacted] and has offices [redacted] The [redacted] functions under the pretext of surveying business possibilities in fields other than [redacted] due to the fact that [redacted] at the present time, [redacted] Another pretext used by Bureau representatives under this cover is that they are employees of [redacted] and in view of the fact that there is no business in [redacted] they are being sent to Latin America for the purpose of becoming familiar with the customs and interests of the Latin American people for use after the war. ℒ 11

[redacted]

[redacted] and through [redacted] manager in charge of export sales, [redacted] the Bureau has been able to send representatives into various Latin American countries, designated as special representatives of [redacted] ℒ 11

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The ostensible purpose for Bureau representatives traveling in Latin America under this cover is to contact [redacted] products and to conduct surveys as to the possibilities of extending [redacted] markets in these countries. ℒ 11

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Since the entrance of the United States into the War, the possibilities of this cover have become somewhat limited due to the fact that shipments [redacted] cannot be made. ℒ 11

[redacted]

[redacted], is a [redacted] which specializes [redacted] and for a number of years has been very active in [redacted] and other South American countries. ℒ 11

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[redacted], the Bureau has been able to send representatives into Latin America for the purpose of doing work of [redacted] for this company. [redacted] has been most cooperative and the Bureau representatives have been given extensive training in the nature of the work performed by legitimate representatives of [redacted] and in some instances [redacted] has furnished the Bureau representatives with enough actual work to make these covers most secure. (S) (U)

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[redacted]

b7C
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This concern has been most cooperative and has indicated that in the future Bureau representatives can possibly be sent to other Latin American countries on similar assignments. S U

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[redacted]

This cover is most elastic, as the very nature of the business provides the agent an opportunity to make inquiries concerning individuals, corporations and even political parties. This concern does not desire that the Bureau representatives spend any time for them and has proven most satisfactory for the Bureau. S U

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[redacted]

This cover is most elastic, as the company is interested in anything that the Latin Americans desire to buy or sell and will put the Latin Americans in touch with persons in the United States interested in any type of business. S U

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The Bureau, through [redacted] has been able to send numerous agents into Latin America under this cover and [redacted] has personally conferred with each representative prior to his departure and furnished these representatives with considerable background information concerning this organization. The Bureau representatives are not assigned any specific duties by [redacted] and they do not have to perform any actual work for [redacted] U

[redacted]

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[redacted] New York City, is reported to be the largest [redacted] in the world which formerly maintained offices in all of the principal cities of the world. At the present time this agency has offices in [redacted] U

[redacted], has been especially cooperative and is providing covers for Bureau representatives at any point in South America where representation of this firm would be logical. U

As the nature of this concern's business in Latin America is purely that [redacted], it enables the Bureau representative to make numerous inquiries without creating suspicion. One specific assignment which this company gave a Bureau agent was concerning [redacted]

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[redacted]

One of the outstanding features of this particular company is that as soon as [redacted] is completed another can be commenced and the cover will remain secure for an indefinite period. U

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[redacted]

[redacted]

[redacted] the Bureau has been able to send representatives into Latin America to function as full time [redacted]. The Bureau representatives using this cover have excellent opportunities [redacted] and it is proving most effective.

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[redacted]

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[redacted] the Bureau has been able to send representatives into Latin America [redacted] on different projects in which this organization is interested.

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[redacted] has been most cooperative and prior to the departure of a Bureau representative under this cover, he personally gives such representative detailed instructions over a period of ten days concerning the organization and the specific project upon which information is desired. This cover does not make any great demand on the Bureau representative's time and to date has been unobtainable.

SIS [redacted] COVER

At the close of the 1940 - 1941 fiscal year, there was a combined total of 26 SIS agents and special employees active in Latin America on undercover assignment. During the ensuing twelve months the total SIS man power in the field has increased to a total of 152 agents, special employees and clerical assistants.

FBI ATTACHES IN UNITED STATES MISSIONS

At the close of the fiscal year 1940 - 1941, one American Embassy - at Bogota, Colombia - had a member of the SIS Division as an Attache. During the fiscal year 1941 - 1942, the number of FBI agents who are attached to the various United States Missions has increased to 21, with SIS representatives now located in the American Embassy at Mexico, D. F., Bogota, Colombia, Quito, Ecuador, Lima, Peru, La Paz, Bolivia, Santiago, Chile, Buenos Aires, Argentina, Montevideo, Uruguay, Rio de Janeiro, Brazil, and Caracas, Venezuela, and with an SIS representative at the American Consulate in Valparaiso, Chile. These Bureau representatives are known publicly as Civil Attaches, Legal Attaches or simply as Assistant Attaches. The true nature of their duties in connection with the Federal Bureau of Investigation is known only to the Ambassador, his chief assistants and high ranking government officials of the government concerned.

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During the past fiscal year, the SIS representatives have been augmented by the assignment of 7 clerical employees together with the assignment of 5 radio technicians, who are presently maintaining and operating radio transmitters in the American Embassies at Bogota, Santiago and Quito. S U

Soon after the SIS representatives arrived at the various Embassies as Attaches, they quickly began to coordinate in these American Missions all of the records relative to intelligence matters. Single index files have been set up in most of the Embassies which offer to all official representatives there a quick, efficient source of information relative to intelligence matters in the particular country. S U

With the advent of SIS representatives as Attaches, the various American Ambassadors now can quickly obtain from trained, experienced investigators vital information which is of the utmost interest to the Ambassadors in the conduct of their daily business. S U

In addition to the coordinating functions which all of these SIS representatives have begun to perfect, they have likewise made contacts with official sources of information in their country of assignment and have greatly increased and broadened the sources of information available to the SIS Division. S U

The presence of these SIS representatives in the various Embassies has enabled the SIS Division at the Seat of Government to have closer contact with the various agents and special employees undercover in the various Latin American countries. From time to time instructions to the undercover men are transmitted to them through the medium of the SIS representatives in the various Embassies, and in turn, the reports of the undercover representatives are being transmitted through the SIS representatives in the Embassies via diplomatic channels. S U

SIS AGENTS ON SPECIAL ASSIGNMENT

Representatives of the SIS Division have on various occasions during the past fiscal year been on special assignments to various Latin American countries, and at present one representative is acting as a technical adviser to the Government of the Republic of Haiti in national security matters. Another is personally conducting an Intelligence School for Police Officers in Havana, Cuba, and the third is conducting a Police Training School in Managua, Nicaragua. S U

During the past year a representative of the SIS Division has laid the groundwork for a Military Intelligence School for the Peruvian Army and at present this school is being conducted by another SIS representative. S U

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Representatives of the SIS Division have also been assigned to the various Intelligence Headquarters of the British and Canadian Governments to coordinate with them national security matters. In this capacity SIS representatives are located at Hamilton, Bermuda, Kingston, Jamaica, Port of Spain, Trinidad and Ottawa, Canada. S U

SIS FIELD INSPECTORS

With the increase of agents and special employees in various parts of the Western Hemisphere, there has been set up in the SIS Division a Field Inspection Service. Two experienced, mature representatives of the SIS Division are constantly traveling throughout Latin America in undercover capacity, checking on the daily activities of the SIS agents and special employees. Through their progress the Seat of Government is constantly advised as to the work, the living conditions, the morale, the problems and the suggestions of the various representatives working on undercover assignments. S-U

In addition, the Seat of Government is advised by these inspectors as to the necessity of removal or transfer of agents and special employees of the SIS Division.

In addition to these two inspectors, a third inspector of the SIS Division will travel throughout Latin America in an official capacity for the purpose of determining the effectiveness of the work of the SIS representatives attached to the various American Embassies and Legations. This representative will likewise accompany SIS representatives who are being assigned to an American Mission for the first time and will assist them in the establishment of the SIS unit in this Mission. S U

NEW YORK SIS OFFICE

The New York City SIS office consists of a suite of three offices connected by a combination hallway and reception room. These offices are located in the RCA Building, 30 Rockefeller Plaza, and are entered through room 5144. The offices are furnished with desks, chairs, and the usual equipment found in a business office. In addition, there are two steel safes where all records and files are maintained.

The personnel assigned to this office consists of a Special Agent in Charge, a Spanish translator clerk and a stenographer. In addition to the assigned personnel, these quarters are used as headquarters for all SIS representatives while they are in New York for the purpose of arranging covers, obtaining visas and arranging for passports. S U

The Special Agent in Charge is responsible for and supervises the maintenance and collection of mail from 39 mail drops or post office boxes which are scattered throughout the various postal stations and sub S U

stations in Mid-Town and lower Manhattan. Each morning the clerk collects the incoming mail from each of these boxes which is immediately forwarded to the Bureau. S U

All outgoing mail addressed to SIS representatives in Latin America is forwarded to the New York SIS office for clearance and arrangements have been furnished whereby this mail is opened and resealed with the censor's stamp, so that it appears to have received the same treatment as all other outgoing mail, however, the contents of the communications are not examined. S U

The Special Agent in Charge of the New York SIS office is charged with establishing and maintaining contacts with reputable New York Business Houses who are in the position to provide cover facilities, and in addition to obtaining these covers, the Special Agent in Charge assists in assigning covers to agents training in Washington for SIS assignment. Due to the fact that cable addresses cannot be used at the present time, representatives on assignment in Latin America can only communicate with the Bureau by cable by transmitting these cables to their New York cover and it is necessary for the New York SIS office to relay all of these messages to the Bureau. S U

In order to facilitate the obtaining of visas and other travel documents, a file is maintained in the New York SIS office on the visa requirements for each of the Latin American Republics and each agent, upon obtaining a visa, is required to prepare a memorandum for that file so that an agent subsequently desiring a visa can profit by the experience of men who have gone before them. The New York SIS office also assists SIS representatives in obtaining letters from the New York Police Department certifying that these representatives have no criminal record. S U

The New York SIS office at present maintains $2,000 on deposit with [redacted], New York, so that SIS representatives desiring to purchase airplane or steamship tickets can cash checks against this account and purchase the tickets with cash. S U b7D b7E

The New York SIS office also handles contacts and interviews with travelers returning from Latin America and also interviews all applicants for the position of special employees who appear to be qualified to be of assistance to the Bureau in Latin America. S U

In addition to the above, the Special Agent in Charge of the New York SIS office represents the Bureau at the weekly Foreign Intelligence Conference which is attended by representatives of Army and Navy Censorship, The Coordinator of Information, Military Intelligence Division, Board of Economic Warfare and Office of Naval Intelligence. S U

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ACCOMPLISHMENTS

In addition to the accomplishments which will be set out hereinafter according to individual countries, the SIS Division has received, correlated and distributed a vast amount of information pertaining to economic, political, financial and subversive activities in Latin America. The SIS Division has also, by way of research, prepared monographs on timely and important subjects and on various individual countries which have been distributed to the interested governmental agencies, and which monographs have received most favorable comment from the other governmental agencies. In connection with a monograph prepared regarding clandestine radio stations, it might be noted that practically every agency receiving a copy of this monograph requested additional copies, with OIC requesting twenty-five additional copies. S U

ARGENTINA S U

There has been perfected during the past year complete coverage of Argentina geographically. SIS Agents are located in all of the principal towns of the interior, along the seacoast, as well as in the principal and capital city, Buenos Aires. An SIS Agent has been established in the American Embassy at Buenos Aires as an Attache and is coordinating the work of the undercover agents, acting as a liaison man, in addition to extending the confidential informant coverage and the coordinating of all intelligence matters within the Embassy. SIS Agents have also been established as traveling agents under suitable "covers" in order to secure information on Axis activities in remote areas such as Patagonia and the Straits of Magellan, the Andes section on the Argentine-Chile border, and the province of Misiones which is heavily populated by Germans. S U

During the past year the confidential informant coverage has also been greatly extended and in addition to numerous informants who can supply information of a general nature with respect to all matters of interest to the United States Government, there exists special informants in the following organizations, offices or groups through whom the SIS Division has been able to secure information regarding the plans and activities of those groups: S U

The Japanese Embassy
Japanese Commercial Houses
The German Embassy
The Nazi Party
German Commercial Houses

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Argentine Governmental Agencies (Foreign Office, [illegible] Office, and Police Department)
Anti-Nazi Groups
The Free French
Spanish Loyalists
The Spanish Embassy

Through the various sources of information established, a large volume of information of interest to the United States Government has been developed in Argentina. The leaders of the Nazi Party have been identified and their future plans ascertained with reference to action to be taken as a result of the findings of the Argentine Congressional Committee investigating anti-Argentine activities. The identities of the leading secret service agents of Germany in Argentina have likewise been established and coverage has been established on their activities. It is known at the present time that due to the fact that the Argentine Government has not broken off relations with Germany and is friendly with the German Government, there is a movement of German agents and German capital to Argentina. Information in detail has been developed concerning this movement and indicating that at the present time Argentina is the headquarters for all Nazi organizations in Latin America. The Post Office Boxes utilized by German agents as mail drops for delivery of secret reports have been ascertained, and their use of couriers has been discovered, particularly their couriers on Spanish or other neutral ships. The identities of German secret service agents who reported allied ship movements to a clandestine radio station in Brazil have been established, and their activities are presently being covered. X 21

Information has also been uncovered concerning the cooperation between the Italian, Spanish, Japanese and German embassies and some of the plans exchanged between these embassies have been secured. Information with regard to the personalities in the various embassies which are considered most dangerous to the interests of the United States has also been secured. X 21

Through contacts made in Argentina, information has been received regarding Axis plans and activities in Europe and Africa, such as the cooperation between Spain and Germany. The identities of German agents in Lisbon, Portugal and in Spain, particularly those who received mail from South America, have been ascertained and furnished to the interested agencies. X 21

Investigations have also been conducted through undercover sources in Buenos Aires, Argentina with reference to current espionage cases in the United States, particularly the Lonkey case. Also investigations have been conducted of German Nationals in Argentina who held stock in one of the largest German companies in the United States. X 21

In one instance the contact was established with a member of the German Secret Service and his microphotographic instructions which he carried with him from Germany were secured. In another instance, due to information which had been accumulated by the SIS Division and furnished to the State Department, sufficient evidence was furnished to the Argentine Government to cause the expulsion of a very dangerous Nazi agent. X U

BERMUDA X

At the end of the fiscal year of 1940-41 the Bureau did not have a representative on the island of Bermuda. However, at the present time one representative is located at Hamilton, Bermuda in the Embassy as liaison man between the British and American interests. It was through the medium of this representative in Bermuda, working in connection with the examination of censorship material, that the "microscopic dot" employed by German espionage agents was discovered, while the subject of Imperial Censorship. After these dots were identified and connected with the Nazi espionage system, they were later developed by the facilities of the Bureau's Technical Laboratory. X U

A general close spirit of cooperation has been effected between the British Intelligence Service and the Bureau, especially in regard to data obtained through censorship, though not limited to that field. The Bureau's representative in Bermuda enjoys the esteem of the British officials and works closely with such officials in matters of mutual interest. X (U)

BOLIVIA X U

Bolivia, situated in the heart of South America and with large deposits of strategic metals, has been given especial attention by enemy powers and has therefore necessitated an unusually large amount of counterespionage effort. X U

In July of 1941, the Federal Bureau of Investigation secured and transmitted to the Bolivian Government through the State Department a letter purportedly written by Major Elias Belmonte, Bolivian Military Attache in Germany, to the German Minister in La Paz in which letter there were set forth the plans of a group of Bolivians under the leadership of Belmonte and the assistance of the Nazis to overthrow the Constitutional Government and effect a regime favorable to the totalitarian nations. There was declared a state of seige, the German Minister was declared persona non grata, German schools and pro-Axis newspapers were suspended and many Bolivians and Germans were detained for questioning. There was dispatched to La Paz an SIS representative who was assigned to work with the Bolivian Government and who would cooperate closely with X U

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the Minister of Government, Justice, and Immigration to whom was furnished suggestions as to procedure and evidence pertaining to particular individuals involved. Some such information furnished reflected that the local Transocean News Agency was a Nazi subsidized tool which information was particularly instrumental in the permanent closing of that Agency. The Minister of Government was also furnished available information on the international functions of the totalitarian espionage system resulting in the establishment of surveillances of various persons suspected of being pro-Nazi. (S U)

Through confidential informants, the SIS representative obtained copies of all cables received or emanating from the diplomatic missions of Germany, Italy, and Japan. These messages were forwarded to the Bureau's technical laboratory in Washington, D. C. where some of them were decoded. (S U)

Subsequently another SIS representative was assigned permanently to the American Embassy in La Paz and the good relationship with Bolivian Governmental Officials has been continued. Other representatives operating under various pretexts are working in the important mining, urban and rural sections. (S U)

During the past fiscal year, there have been established contacts and confidential informants in the following categories: (S U)

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[redacted]

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From the above informants, a vast amount of information has been received regarding the identities and activities of persons attempting to create a pro-Totalitarian Government in Bolivia and who were acting against the interests of the United States. This information in part was responsible (S U)

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for the Bolivian Government ordering the deportation of 107 Axis Nationals and the deportees were escorted from Bolivia to their boat in Arica, Chile, by an SIS representative. Similar information obtained by the SIS representatives has been instrumental in placing commercial firms on the Proclaimed List of Certain Blocked Nationals. The identities of those individuals remaining in Bolivia who are known to be pro-Nazi have been established, and recent information reflects that another group of enemy aliens will soon be deported. Some Axis sympathizers whose identities were established in Bolivia were able to escape to Chile and Argentina prior to the deportation proceedings and complete information regarding them has been forwarded to our representatives in these countries in order that the proper surveillances might be conducted. XU

General surveys have been made in the more important transportation, power, and mining facilities and points especially vulnerable to sabotage have been pointed out. Overtures have recently been made which will probably result in a formal request for SIS representatives to make complete plant surveys of these facilities.

During the recent illness of President Penaranda, there was discovered by an SIS representative an abortive plot to overthrow the government by General Ichazo, Chief of Staff, and involving General Tere who was in the United States at the time. The recovery of the President, however, forestalled the revolutionary movement. XU

BRAZIL XU

SIS representatives have been stationed in all of the principal consonant cities, and complete coverage has been established in the Federal Capital as well as in Sao Paulo, the principal industrial city. Agents with suitable "covers" for travel have been sent to Brazil in order that they may cover the more inaccessible areas. There is presently being established an FBI radio station in the Embassy at Rio de Janeiro. XU

Through confidential informants, current information is received on practically all of the organizations, individuals, companies, and on all matters in which the United States Government has an interest from the intelligence standpoint. In practically all of the cities where an SIS Agent is established, [redacted] through which confidential records, fingerprints, photographs, etc., may be obtained. Sufficient informants exist with reference to [redacted] party which is illegal) in order that the Bureau may be apprised of the activities of this group. A direct contact has been made with the Nazi Secret Service through one of the agents working for it. The confidential informants existing in Rio de Janeiro are of XU

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such a quality that surveillances and other activities may be carried on in the most satisfactory manner. General sources of information and confidential informants have been established with reference to [redacted] and various Brazilian [redacted] Information on activities in the port of Rio de Janeiro is also being secured through a special contact. [redacted]

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Investigations have been made in connection with current espionage cases in the United States, and considerable data have been accumulated with reference to Axis communications between the United States and Europe through Brazil. Supplementary data with reference to cases and individuals of current interest within the United States have also been secured. [redacted]

Since July, 1940, there have been intercepted and decoded, messages exchanged between clandestine radio transmitters in Brazil and the German Secret Service headquarters in Germany. It was ascertained that there were six separate espionage groups forwarding information via six different radio stations, and through a study of these messages and the correlation of information contained in them, with other information in the files of the SIS Division, and through the activities of SIS Agents and confidential informants, the identity and location of all of the principal German Secret Service agents connected with the operations of these espionage groups were discovered. A direct contact was made with an agent of the principal Group (OTL - ALD) and the location of the "cover" office and actual transmitting station (LIR - MAX) were discovered. This station was placed under surveillance and the principal espionage agents were kept under intermittent surveillance by SIS informants, and as a result the various contacts of these German agents were discovered. The identities of the principal espionage agents operating in other Latin American countries, namely, Argentina, Mexico, Peru, Ecuador, and Colombia, were also ascertained through these radio messages. [redacted]

Through investigations made, and the analysis of radio messages, there were discovered mail drops, couriers, and other means of communication used by the Germans, and exact information as to their codes and formulas for secret ink. It was also ascertained that the Germans had secret service agents within the United States, who were transmitting information through these radio stations, and the identities of these agents were later established. The Military Attache, being a principal Nazi agent, and the Embassy were utilizing one of the clandestine stations to send messages to Germany, after relations were broken between Brazil and Germany. The messages from the German Ambassador were intercepted and decoded. After the breaking of diplomatic relations between Germany and Brazil, it was indicated that the Brazilian police authorities were interested in discovering the operations of German agents. By chance one of the principal German agents was arrested and it was ascertained [redacted]

at that time that the Brazilian authorities had very little information concerning the operation of the German Secret Service. The identities of the German agents and their method of operation, which had been accumulated by the SIS Division, were made available to the Brazilian authorities through the State Department. From March 10, 1942, to the present, 99 principal German agents have been arrested by the Brazilian authorities and twelve illegal radio transmitters seized, as well as a vast quantity of other material such as chemicals, photographic equipment, guns and ammunition, codes and ciphers, etc. According to a list recently furnished by the police of Rio de Janeiro, there are presently over 200 Axis individuals in custody in Rio de Janeiro as a result of the roundup of the principal German agents whose names had been furnished to the police. According to information received, the Brazilian Government is unable to prosecute these agents under the laws of Brazil, inasmuch as Brazil was at peace with Germany, but all of these Agents have been interned for the duration of the war. SU

The German agents in custody are being questioned at the present time and a number of them have already given signed statements relating to their espionage activities, copies of which are in possession of the SIS Division and which have been furnished to the governmental agencies. The questioning of the agents and investigations made by the SIS Division have already revealed the identities of five German espionage agents operating in the United States. Upon completion of the questioning it is expected that a number of other agents will be uncovered in the United States, inasmuch as it was established during the investigation that agents in the United States were communicating with Germany through these radio transmitters in Brazil. SU

Observations of the SIS Division indicate that the German espionage service in Brazil is now completely demoralized and that the apprehension of the agents in Brazil has had a salutary effect on the operation of German agents in all of the other Latin American countries. SU

CHILE SU

Chile is one of the two South American countries which remained neutral at the conference of South American countries held in Rio de Janeiro. At that time the country was in the midst of electing a new president, and subsequently President Rico was elected. It was thought by many that after the election a definite stand, probably against the Axis, would be taken by the Chilean Government, and that it would follow the actions of other South American countries by expelling Axis Nationals of an undesirable character. To date no such steps have been taken by the Chilean Government; and the diplomatic representatives of Germany, Italy, and Japan remain in Chile to carry on their activities. SU

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However, the work of the Federal Bureau of Investigation in Chile has continued unhampered; and the identity of all subversive organizations, such as the National Socialist German Workers Party (NSDAP) together with its principals and the majority of its members, is known. Also the activities of the Auslands Organisation of Germany in Chile, and the various "cultural" societies of the Japanese, have come under the Scrutiny of Bureau representatives and have been reported upon. The activities of Werner Siering, official of the Bayer Company in Chile, and known Nazi agent, and his associates have been followed and also the propaganda efforts of Walter Bentiger, commercial attache of the German Embassy. Numerous reports have been made concerning pro-Axis individuals in business in Chile which have resulted in their being placed on the Proclaimed Lists. It is believed that should the Chilean Government desire to rid itself of undesirable persons with pro-Axis tendencies, a substantial list of persons could be furnished in short order with facts to substantiate their deportation or internment. S U

At the beginning of the fiscal year, there was one Bureau representative in Chile. There are now thirteen Special Agents, two Special Employees, and one stenographer assigned to this country. Two Special Agents presently receiving SIS training have been designated to go to Chile. S U

Chile is a long narrow country stretching from Peru to the Straits of Magellan and having a coast line of twenty-nine hundred miles along the South Pacific Coast. Its width ranges from one hundred to three hundred miles. Climatic and geographical conditions divide it naturally into three parts. The concentration of population and activity is in the central valley or middle section where the land is rich and the climate is temperate. In this section the two principal cities of Santiago and Valparaiso are located. Three members of the Federal Bureau of Investigation are attached to the American Embassy at Santiago, and the Special Employees and stenographer are also stationed there. The State Department has provided separate office space for the Bureau personnel in the office building in Santiago where the Embassy is located. These individuals among other duties, act as the coordinators of the Federal Bureau of Investigation work in Chile. S U

A Bureau radio station has been set up which the two special employees are assigned to operate. This station is part of the Bureau network and can communicate with other Bureau radio stations in South America and the United States on highly important messages. It will also be available should other means of communication with Chile ever be cut off. S U

In addition to operating the station, the special employees also monitor for clandestine stations which might be operating in Chile or elsewhere; and very recently messages have been detected which are

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believed to emanate from a previously unknown station believed to be operated by a Nazi espionage ring probably in Southern Argentina. The commercial station CKA-2 in Santiago has also been monitored, and coded messages sent and received by German and Japanese diplomats have been intercepted to show that they contain information of an espionage nature. Similar messages sent and received by industrial and business firms of Chile known to be under German and Japanese control have also been intercepted. ~~S~~U

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As a further coverage on communications of this type, confidential informants have been developed in [redacted] who are able to furnish copies of messages sent by Axis representatives in Chile. ~~S~~U

[redacted] the Japanese Embassy have been secured, and he has furnished valuable facts, including information regarding an individual who was acting as a mail drop for the Japanese in Chile. This informant has also been able to supply details concerning the distribution of Japanese propaganda in Chile and contacts made by members of the Japanese Diplomatic Staff. At the present time, he is attempting to secure the key to the Japanese code. ~~S~~U

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A Bureau representative was recently made liaison man between the American Embassy and the Chief of Investigaciones, police organization of Chile. Although no police school has been instituted, motion picture films of the Bureau, "Technique of the Arrest" and "Inside the FBI" have been furnished to this department; and careful study has been given to them. ~~S~~U

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[redacted] photographs and fingerprints of Axis agents have been obtained, license numbers and arrivals and departures of all persons in Chile are available. All information in the possession of Investigaciones is available [redacted] ~~S~~U

Arrangements have also been made whereby [redacted] have been obtained. He is setting up an office whereby he and several individuals known to be reliable in Santiago and in various strategic cities throughout the whole of Chile will work as his agents, and the results of their investigations will be supplied to a representative of the Federal Bureau of Investigation. Their work, in addition to reporting all information pertaining to totalitarian activities which comes to their attention, will include conducting surveillances and securing information in connection with persons in Chile in whom the United States Government is interested. ~~S~~U

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Although this last mentioned informant has not completed the establishment of his office, he and his associates have already done ~~S~~U

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considerable work in establishing the identity of the Nazi agents connected with clandestine radio station [redacted]. S U

Passenger lists both incoming and outgoing of all persons traveling on Pan American and Panagra Air Lines and on the Grace Steamship Lines are secured by the Bureau representatives at Santiago. S U

There are approximately eight thousand Yugoslavian Nationals residing in Chile at the present time. A large number of these persons are located in Southern Chile where there is also a concentration of German Nationals and persons of German descent. Due to familiarity of language, those persons are able to mingle freely with the Germans. The services of [redacted] have been obtained; and he has organized reliable Yugoslavians located at strategic points throughout Chile who report everything of a subversive nature which comes to their attention to this person, who in turn makes reports to representatives of the Federal Bureau of Investigation in Santiago. This informant is presently on a trip to Peru and Bolivia where he is planning to organize Yugoslavians in these countries in a similar manner so that they will be able to furnish the same type of information to Bureau representatives in Peru and Bolivia. Included among this man's informants in Chile are [redacted] in various cities in Chile. S U

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Bureau representatives in Chile have secured the services of an individual [redacted] in Chile. These [redacted] are organized in a number of Chilean towns, particularly in the southern part of Chile; and the confidential informant, who is in charge of the whole organization, has recently designated agents within his organization in various towns of Chile. He has stated that most of these individuals formerly [redacted] He has agents established at Valdivia, Osorno, San Vicente, Punta Lavapie, Temuco, Puerto Montt, Castro, and Punta Arenas. The organization of this informant, it is believed, will be very effective in securing information regarding the Spanish Falange; and also because the agents have a good understanding of the Spanish language, they will be able to mix freely among Chileans who might be engaged in Fifth Column activities. Already this informant has rendered valuable services in connection with intercepting mail of espionage agents. S U

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The services of two anti-Nazi German organizations in Chile are likewise at the disposal of the Federal Bureau of Investigation. [redacted] these organizations has seventy-six agents working [redacted] south of Santiago and [redacted] north of Santiago. His organization has been active for the last four years, and during that time [redacted] acquired information of a subversive nature on numerous individuals and organizations in Chile which has been reported to the S U

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Federal Bureau of Investigation. This organization extends to other countries in the Western Hemisphere, and through the informant complete files have been obtained containing data on more than five thousand different subjects. The other anti-Nazi organization known as The Other Germany is receiving reports on pro-Axis activities from operators in Temuco, Valdivia, Osorno, Puerto Montt, Santiago, Valparaiso, Puerto Aysen, Punta Arenas, Porvenir, Tierra del Fuego, and the Island of Chiloe. These reports are all made available to the Federal Bureau of Investigation. S U

The activities of the Vichy French in Chile are being reported upon by a high official in the Free French Organization in Chile. The [redacted] into Nazi activities in Valdivia, Chile,, where a large number of Germans are concentrated, are likewise available to the Bureau, as well as any information of value which he obtains in the future. Reliable contacts have been established in various financial institutions, such as [redacted] in Chile, and also among the [redacted] and [redacted] Unusually good cooperation is [redacted] representatives of the Federal Bureau of Investigation and [redacted] S

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There is one Bureau representative attached to the American Consulate in Valparaiso. He coordinates information obtained in that vicinity in a manner similar to that of the agents of the Federal Bureau of Investigation stationed at the Embassy in Santiago. Most important of the activities of his office up to the present time has consisted in identifying and surveilling the movements of the individuals connected with the clandestine radio station PIL. This station is discussed in more detail in another section of this report. However, it is pointed out here that through the efforts of the Federal Bureau of Investigation representatives in Chile, all of the persons engaged in this espionage ring are known. Arrangements have also been effected whereby communications received by them for transmittal over the station are intercepted, and in this manner Nazi agents residing in other countries have been identified. S U

One Special Agent of the Federal Bureau of Investigation is stationed in an undercover capacity at the port of Antofagasta in northern Chile, and he has been able to supply details of Axis activities and particularly with regard to shipping. Through contacts established by him, he has also been able to furnish economic data pertaining to the nitrate industry, vital to United States war interests. S U

Undercover Federal Bureau of Investigation representatives are traveling both in the north and south of Chile, establishing sources S U

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of information in the various smaller cities which are keeping them advised of subversive and political developments in Chile. &U

One Agent of the Federal Bureau of Investigation has his headquarters at Puerto Montt in southern Chile and is presently undertaking a physical survey of the Island of Chiloe and of the coast near the Straits of Magellan for the purpose of locating possible submarine bases or embarkation points which might be utilized by the enemy. &U

The other representatives of the Federal Bureau of Investigation in Chile are stationed in Santiago and Valparaiso, and they have made contacts with Chilean Government officials and persons close to high government officials and have been able to report pertinent and reliable facts concerning economic conditions in the country, propaganda methods of the enemy, the attitude of Chileans towards the war, the political situation inside of Chile, the identity of pro-Axis individuals, organizations acting as covers for blacklisted firms, and data on Nazi and Japanese activities. &U

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COLOMBIA ~~X~~ U

In the Republic of Colombia the SIS coverage has been greatly increased during the past fiscal year for at the end of the fiscal year 1940-41, the Bureau had one representative located in the American Embassy at Bogota, Colombia, and one representative undercover at Barranquilla, Colombia. At the present time there are four representatives attached to the Embassy at Bogota, two coordinating the work of the intelligence section of the Embassy and two engaged in operating and maintaining a Federal Bureau of Investigation short-wave radio transmitter. In addition to the representatives attached to the Embassy, four additional representatives are located in Bogota undercover, three representatives undercover at Barranquilla, Colombia, and one at Cali, Colombia. ~~X~~ U

In connection with informant coverage throughout this Republic, a highly developed system has been effected and during the past year sources of information have been increased to a high degree through development of members of the [redacted] located throughout the Republic of Colombia. This group of individuals are anti-Nazi in sentiment and consist of [redacted] ~~X~~ U

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At the present time the work of this organization is being handled by one [redacted] The membership of this group are located throughout the Republic of Colombia and the activities of this group are so designed to effect a complete cover of the entire Republic and, in effect, render each member as an individual informant. ~~X~~ U

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In addition to the utilization of members of the [redacted] a highly effective system of cooperation has been developed through the use of members of the Colombian National Police, the leaders of various [redacted] located throughout Colombia, and members of the Communist Party which, in Colombia as in other Republics, has adopted a policy of anti-Nazi propaganda and informing against pro-Nazi activities. An excellent opportunity of cooperation has resulted through the work of our representatives in Colombia in coordinating intelligence matters with the other attaches of the Embassy, working jointly in the mutual disclosure of subversive activities on the part of the Axis Powers. ~~X~~ U

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During the past year there has been installed in the Embassy at Bogota, Colombia, a short-wave radio transmitter, which transmitter has brought about a rapid means of communication with the seat of Government. This transmitter has been installed and is being maintained with expert operators equipped to perform monitoring functions as well as being manned by operators and technicians trained in the procedure of locating clandestine Axis transmitters with direction-finding equipment. This transmitter is also being utilized as a relay station for the Bureau transmitter in Santiago, Chile. ~~X~~ U

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Facilities have also been perfected throughout the Republic to afford special coverage in the event of an emergency, whereby special surveys may be made and special investigations conducted where normally investigative man power would not be available. Such an instance of this coverage is the recent report of Japanese preparations for an offensive in the Tumaco region of southwestern Colombia. On this occasion members of an informant group were made readily available to travel by plane to the region in question, where, through valuable contacts in [redacted] and otherwise, a detailed account of such reported activity was checked upon. (U) b7C

Success has been achieved through the use of informants in b7D Colombia in securing detailed information regarding the Nazi military organization set-up and the designs of this organization as regards an attack on the Panama Canal and furtherance of the north coastal plan of the Nazi organization. (U)

Information secured by the SIS representatives in Colombia has been made available to the State Department which, in turn, has made a large portion of this information available to the Colombian Government and as a result, some three hundred important Axis nationals have either been interned or deported. (U)

COSTA RICA (U)

SIS representatives in Costa Rica are located in San Jose, the capital of Costa Rica, and in Limon on the east coast. However, these representatives have established sources of information located in most of the larger towns and, as a result, these representatives are being kept informed of activities throughout the entire country. (U)

By means of confidential sources of information, mail entering and/or leaving Costa Rica is made available to the SIS representatives and by similar means these representatives are aware of telephone and radio conversations of several pro-Axis individuals. In connection with the telephone and radio conversations, records are being made of particular conversations in an attempt to ascertain if any of these conversations are actually in code. (U)

Considerable information concerning the activities of Axis nationals and pro-Axis citizens of Costa Rica has been furnished to the interested agencies, which information has enabled the United States Government to play a substantial part in the deportation of dangerous Axis nationals from the country for internment. (U)

Information has also been received and passed on to other Governmental agencies which has resulted in certain individuals in Costa (U)

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Rica being placed on the "Proclaimed List of Certain Blocked Nationals." (U)

In Costa Rica the SIS representatives have been able to obtain considerable information relating to the economic, political and social problems of that country due to certain contacts established within the Costa Rican Government. The SIS representatives have also been able to explain political maneuvering within the Costa Rican Government on the same day it occurred when such was supposedly known only to the Government officials involved. (U)

CUBA (U)

Because of the proximity of Cuba to the United States, investigations within the jurisdiction of the Federal Bureau of Investigation have frequently had ramifications on this Island. As a result of frequent contact between Agents of the Miami Field Division of the Federal Bureau of Investigation and officials of the Cuban National Police, cordial relations have existed for many years in all matters affecting the mutual interests of both investigating agencies. (U)

Prior to December 7, 1941, the SIS coverage in Cuba consisted entirely of representatives working in an undercover capacity at several strategic points on the Island. However, upon the entry of Cuba into the war against the Axis Powers, a favorable opportunity was presented to secure the closest collaboration with the Cuban authorities. This was crystallized early in 1942 with the establishment of a Police School by the Cuban National Police at Havana under the active supervision and instruction of a Federal Bureau of Investigation Agent. The purpose of this school was to acquaint the members of the Cuban National Police, not only with methods of crime detection but with some of the most advanced techniques in intelligence and counter-espionage activities. (U)

Through this SIS representative the Bureau now has available all of the records of the Cuban National Police as well as investigative personnel for the purpose of conducting any specific inquiries that might be desired in Cuba. (U)

The informant coverage in Cuba, both that developed by the Agent assisting the Cuban authorities and by the Agents in undercover capacities, has increased to such an extent that an extremely large volume of information is currently being received from Cuba and distributed to the interested Governmental agencies. (U)

DOMINICAN REPUBLIC (U)

At the close of the fiscal year 1940-41, there were no SIS representatives located in the Dominican Republic. However, today there

is one representative in an undercover capacity located at Ciudad Trujillo. This representative has developed valuable sources of information among the American businessmen located in this city and has developed confidential informants competant to furnish information of value regarding the extend and nature of fifth column activities. By virtue of other confidential informants developed throughout the Republic, the SIS Division has been kept informed regarding the personnel of the Nazi espionage system in the Dominican Republic and has been able to follow effectively the activities of the principal Nazi leaders. X U

ECUADOR X U

In Ecuador the SIS Division has two representatives attached to the American Embassy at Quito as legal attaches and three in undercover capacities, one of whom has the privilege of traveling to surrounding cities and towns keeping in touch and abreast of Axis activity. Also, in Quito the Bureau has established and is operating a short-wave radio station, which is manned by two competant operators. In Guayaquil, Ecuador there are three representatives in undercover capacities, one of whom has the privilege of visiting neighboring cities. The number of representatives now in Ecuador constitutes an increase of nine over the one representative located there a year ago. X U

The SIS coverage in Ecuador is at the present considered adequate and the representatives attached to the Embassy have established close liaison with the British Intelligence and with the Inter-Allied Committee, an organization which has been active and successful in combatting totalitarian activities and which has excellent contacts among the European elements in Ecuador. In addition, the representatives attached to the Embassy are acting as coordinators of intelligence information within the Embassy, closely cooperating with Embassy officials and the Naval and Military Attaches. X U

One of these representatives is scheduled to conduct a Police Training School in the very near future and at the present time is in the process of revising the filing, fingerprint and technical sections of that department, as well as instructing them in the latest developments in their respective fields. This representative is likewise acting as an official adviser on totalitarian activities to President Carlos Arroyo del Rio, and in such capacity is in an excellent position to obtain information and suggest internment policies, procedures and site of internment. X U

Through the efforts of the SIS representatives attached to the Embassy, a list of undesirable Axis nationals was prepared for President del Rio's information, from which list those individuals to be deported were taken. Contacts and informants have been established within the X U

German organization from which commercial, political, propaganda and intelligence information is constantly being obtained. The same is true of the Spanish and Vichy-French organizations. At present excellent coverage is being maintained regarding the Spanish Falange through contacts within and without the organization, and communications of the Spanish Legation and Vichy-French are being monitored through confidential informants, which is extremely important in view of the fact that the Spanish Legation has been reported as being used for Axis communications since diplomatic relations between the Axis Powers and Ecuador have been broken. X U

Through the efforts of SIS representatives, the identity of the Gestapo Chief of Ecuador, Walter Giese, was established, as well as the identity of his successor, Heinrich Loeschner, who replaced him in January, 1942. Loeschner was deported from Ecuador with other Axis nationals. When Giese left Ecuador, he was kept under surveillance in Peru and Chile by SIS representatives until his arrival in Buenos Aires. It was Giese's intention to eventually settle in Paraguay, where he would undoubtedly continue to function as a Gestapo agent. However, his intention was brought to the attention of the State Department, which, in turn, informed the Paraguayan Foreign Office, which refused a visa to Giese. His presence was also brought to the attention of the Argentine Government, as a result of which Giese was eventually forced to leave the country for Germany, where he is at the present. X U

At the present time the Bureau's coverage in Ecuador has been increased to the point necessary so that the Bureau will be kept effectively conversant with totalitarian activities within that country, and its means of communication through the diplomatic pouch and through the Bureau radio station have placed it in a position to forward by rapid means important and vital information which might come to the attention of SIS representatives. X U

GUATEMALA X U

The SIS coverage in Guatemala consists of two representatives, who are located in Guatemala City, the capital of the Republic. One of these representatives travels throughout the country to a great extent and the other has recently established contacts that would permit him to spend some time in northern Guatemala among the German-owned coffee plantations. X U

Both SIS representatives in Guatemala have developed sources of information and confidential informants who can be depended upon for a wide variety of excellent information. Information has been received from the SIS representatives in Guatemala and distributed to the interested agencies concerning the intensive and continuous efforts of X U

Mexico to make of Guatemala a good neighbor for commercial gain and the reception of such efforts; commercial and political activities of Axis nationals and individuals with pro-Axis feelings; possible subversive and espionage organizations established within the Republic; and, the changing attitude of the Guatemalan Government and people toward the United States and the attitude of the people toward their own Government. It has been noted that numerous individuals have either been incarcerated in Guatemala or placed on the "Proclaimed List of Certain Blocked Nationals", who have been the subjects of information furnished by the SIS Division to the various interested agencies. ~~S~~ U

HAITI ~~S~~ U

A year ago there was one SIS representative located in the Republic of Haiti in an undercover capacity. However, today located at Port-au-Prince, Haiti, in an open capacity is one representative, who is acting as an advisor to the Haitian Government on national security matters and one representative in an undercover capacity. A Police Training School is being conducted by an SIS representative, which has to date reflected a more effective counter-espionage activity on the part of the Haitian Government. ~~S~~ U

Reliable informants have been developed throughout the Republic and arrangements have been made whereby investigative man power is being made available in the event of an emergency. Motor vehicles and power launches have been made available to the SIS representative and on one occasion he has been able to survey successfully that portion of the northern coastal area in which Axis submarine activity had been reported. ~~S~~ U

The SIS representative in Haiti were able to maintain a surveillance of Arnulfo Arias, ex-President of the Republic of Panama, and as a result, the SIS Division obtained complete information regarding every move he made, as well as every person he contacted. ~~S~~ U

HONDURAS ~~S~~ U

The SIS coverage in Honduras is centered in the capital of that Republic, Tegucigalpa. However, SIS representatives have made frequent trips to the outlying towns and districts wherein contacts have been effected with sources of information in order that the SIS Division may be apprised of any activity in those localities. In addition, travelers from the interior of the country have produced information when interrogated. ~~S~~ U

In Tegucigalpa excellent contacts, including a source within the German Colony itself, have been established and maintained, and these ~~S~~ U

contacts produce information concerning movements and activities of Axis nationals and suspected persons, information of a financial nature and information concerning the Honduran Government's tendencies. Considerable information, believed to be of value relative to political manouvers within the Government itself, has been obtained and furnished to the interested agencies. XU

JAMAICA XU

At the present time there is one SIS representative located at Kingston, Jamaica, in the capacity of liaison officer between the British and the United States interests on the Island. Great success has been achieved in establishing close cooperation and unification in the coordination of intelligence matters between the two Governments, and as a result of having a representative in Jamaica, the SIS Division has been able to obtain extremely close observation of censorship material, as well as obtain the results of questioning of suspicious individuals traveling through Jamaica. In addition to closer cooperation between the British Intelligence services and the Bureau, this SIS representative has also closely cooperated with Naval and Military officials stationed at Jamaica. XU

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MEXICO

During the past fiscal year, the SIS coverage in Mexico has increased until at the present time SIS representatives are located in all of the large cities of Mexico and adequate coverage is had of the remote coastal regions where there exists danger of invasion. Two representatives are stationed at La Paz, Baja California, one of whom spends the majority of this time travelling throughout the lesser known regions of that territory making surveys of possible enemy landing fields, submarine bases and dangers of invasion. SIS representatives have conducted surveys of the entire west coast of Mexico for the same purpose and a sufficient number of representatives are stationed in the larger port cities of the west coast to insure an adequate check on Axis activities in these ports. In the central portion of Mexico, SIS representatives are stationed only in the larger cities and they insure adequate coverage of the surrounding territory by means of developing informants and making frequent trips. It is noted that in Baja California and other comparatively undeveloped sections of Mexico travel is most difficult and sometimes almost impossible and SIS representatives have conducted their surveys travelling by horse, burro and in some cases on foot.

On the west coast of Mexico, SIS representatives have established coverage in the larger seaports and particular emphasis has been placed upon the importance of commercial harbor installations and where information relative to shipping might be obtained by Axis agents. The ports of Tampico and Veracruz which have oil refineries are considered most important and SIS representatives are constantly in the vicinity of these two ports which are extremely vulnerable to attack by sea.

The volume of work coming to the attention of the SIS representative attached to the American Embassy in Mexico City has steadily increased during the past year and his staff presently consists of one Special Agent, one Special Employee and two male stenographers.

The SIS Attache has maintained, and continued to widen, his informant coverage in Mexico City, having confidential informants in Mexican Government circles, as well as confidential informants who are in a position to furnish him valuable information regarding German, Japanese, Italian and other subversive groups. The FBI Attache coordinates all subversive information for the entire Embassy and has the responsibility of directing the investigations of all specific complaints, including those which were originally brought to the attention of the Military and Naval Attaches. His informant coverage and his familiarity with subversive activities in Mexico are generally known, and when President Manuel Avila Camacho appointed a Mexican official to collect information regarding the activities of Axis nationals and agents in Mexico, he directed the Mexican official to consult with the FBI Attache for assistance and advice in identifying the Axis

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agents and advising the Mexican official as to their whereabouts. The FBI Attache also enjoys the confidence of many high officials in the Mexican Government, including cabinet officers as well as members of the Chamber of Deputies. As a result of his wide contacts, the FBI Attache has received a steady flow of information relative to subversive activities in Mexico and the volume of this flow of information has increased tremendously during the past year. Through his contacts with officials of the Mexican Department of Communications, the FBI Attache has had access to the contents of letters received and sent by known Axis agents operating in Mexico. He has been able to place mail covers at will and a considerable amount of valuable information has been gained as a result of such mail covers. He also has at his disposal the closest cooperation on the part of the Mexican Federal Police and the Mexican Military Intelligence. X U

One representative of the SIS Division operating undercover in Mexico City has been successful in getting membership in the Spanish Falange. This employee enjoys the complete confidence of the leaders in the Spanish Falange in Mexico City and has reported regularly upon their activities and their anticipated activities. It is anticipated that this employee will go high in the ranks of the Spanish Falange and that his position will result in an increasing volume of information regarding the activities of that organization. This is particularly important at this time, inasmuch as there have been persistent, and in some instances verified, reports to the effect that the Spanish Falange will take over and carry on the intelligence work of the German Intelligence agents who have been interned or deported by the Mexican Government. In connection with the internment and deportation of Axis agents who were carrying on espionage activities for the German and Japanese Governments, the FBI Attache has maintained a close check upon the activities of these individuals by means of surveillances, mail covers and informants, to the end that the information secured by him played a large part in determining which of these agents would be interned and which deported. Confidential information was received during the past year to the effect that Masao Ymura, a Japanese residing in Mexico, had on more than one occasion expressed in writing his intention to assassinate President Roosevelt. As a result of informant coverage in Mexico, D. F., the original of a letter written by Ymura on November 5, 1941, was obtained in which Ymura stated that he contemplated leaving Mexico in the near future for the purpose of assassinating President Roosevelt. A surveillance was immediately placed upon the activities of Ymura in Mexico and all interested Government agencies were notified to be on the alert. After subsequent letters had been written by Ymura, the matter was confidentially discussed by the SIS representative in Mexico City and appropriate Mexican authorities and as a direct result of this conversation, Ymura was arrested and the SIS representative has been assured that he will be interned for the duration of the war in the Mexican Penal Colony on the island of Tres Marias. As a result of activity on the part of SIS representatives in Mexico in connection with an espionage ring headed by George Nicolaus, a X U

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clandestine radio station was located at Coatepec, Veracruz, Mexico. It was also ascertained that this station was operated by Carlos Hotelsdorf who is of German extraction and by means of a mail cover it was ascertained that this Hotelsdorf was in communication with George Wiseloose. This radio station was subsequently closed and demolished upon orders of the Mexican Government, as a result of information confidentially furnished the Mexican officials by the SIS representative. (U)

As a result of mail covers and having access to incoming and outgoing mail, the locations and identities of numerous German espionage agents have been ascertained, which information has in turn been transmitted to all interested Governmental agencies. (U)

NICARAGUA (U)

At the end of the fiscal year 1940-1941, there was one SIS representative located in the Republic of Nicaragua and today there are two representatives in this Republic in an undercover status and a third representative is located in the city of Managua, Nicaragua in an official capacity for the purpose of training Nicaraguan Police officials in Intelligence matters. (U)

This SIS representatives who is in the open in Nicaragua has, by his ingratiating personality been accepted by numerous Nicaraguan officials, including President Somoza, as a confident. This representative has also furnished information as to the real reasons behind official actions of the Nicaraguan Government and its realtions with various United States agencies, which information has of course been distributed to the interested agencies. (U)

The undercover representatives in Nicaragua have furnished considerable information regarding Axis activities which information has been distributed, and it is believed to have been used in determining the individuals to be interned or deported from Nicaragua. (U)

Although all three representatives are headquartered in Managua, the Republic's capital, one of the undercover representatives spends considerable time outside of the capital travelling in the sparsely populated areas. (U)

PARAGUAY (U)

To date coverage in Paraguay has been maintained through undercover agents, but as the present time an invitation has been received from the American Embassy at Asuncion, Paraguay, for the assignment of an FBI Attache and this Attache will depart for his post of assignment in the near future. (U)

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The only city of any consequence in Paraguay is Asuncion and coverage has been maintained constantly at that point. However, undercover operatives with suitable covers are travelling in the outlying areas of Paraguay for the purpose of obtaining information desired. SI

Sources of information and confidential informants have been developed by undercover representatives among the German groups existing in Paraguay, with commercial houses, the Police Department, and other Governmental agencies, such as the Army and the Department of Interior. Through the sources of information and confidential informants the chief Nazi agents have been identified and considerable data regarding German firms and German commercial activities have been secured. Although the local Government of Paraguay contains many pro-Axis individuals, when information concerning the notorious Nazi agent Walter Giese was furnished to that Government his permanent visa was cancelled for residence in Paraguay. SI

Contacts have been made whereby information concerning the entry and exit of Axis nationals via river boat, which is the principal means of travel, into Paraguay is constantly being received. SI

PERU SI

The SIS coverage in Peru today consists of one representative attached to the American Embassy at Lima and six representatives in undercover capacity, two of whom are constantly travelling, one to the north and one to the south, covering the important cities in those areas. The seven representatives presently in Peru reflect an increase of six over the one representative stationed in that country a year ago who was attached to the Embassy on a special assignment for the State Department. SIS representatives have by investigation and inquiry brought to light the extensive preparations which the Axis had carried out clandestinely and the necessity of further investigation of their activities. It is believed that the work performed by the SIS representative in Peru played a large part in determining which Axis nationals should be deported from Peru after the breaking of relations between Peru and the Axis Powers. Information has also been obtained by SIS representatives regarding the German, Japanese and Italian populations, where they were located, and what employment they were engaged in. The activities of Axis agents in the field of commercial espionage were investigated, with particular emphasis on the well-known Swedish financier Axel Wenner-Gren who made a thorough survey of Peruvian industrial possibilities. The results of this investigation were immediately transmitted to the State Department to be considered when Wenner-Gren was being discussed for inclusion on the Black List. SI

During the past year a survey has been completed of all danger spots of Peruvian industries and through one of the SIS representatives who was on a special mission for the Peruvian Government these danger spots were brought to the attention of the Peruvian Government and measures were taken to safeguard such areas. SI

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[redacted]

Through the development of confidential informants information has been received regularly from various sections of Peru and close liaison has been established and is being maintained between the FBI Attache [redacted] as well as the American Military and Naval Attaches. (S) b1

Information obtained by SIS representatives regarding Axis nationals was sent to the State Department which in turn furnished this information to the Peruvian Government and as a result 869 Germans, 188 Japanese and 39 Italians have been deported. U

EL SALVADOR U

The SIS coverage in El Salvador consists of two representatives, both of whom have been located in that country for several months and who have made numerous contacts and developed sources of information and informants whereby they are receiving information concerning Axis activities in that Republic. U

To date there has been very little actual Axis activity in El Salvador. However, the SIS representatives are continually reporting information of a political, commercial and economic nature. U

TRINIDAD: U

During the past year an SIS agent has been sent to the Port of Spain, Trinidad in an open capacity as liaison officer between the United States and the British interests on that island. The presence of this representative has afforded the Bureau the opportunity of being informed on matters of interest derived through censorship and the questioning of transients desiring entry into the United States, as well as bridging the gap between North American, South American and European espionage activities. U

This project of the SIS Division is especially noteworthy because of the close spirit of cooperation which has been effected between the ranking British officials on that island and the SIS representative. U

URUGUAY U

During the past year, the SIS coverage in Uruguay has been established through undercover representatives in the city of Montevideo, the only city of any consequence in Uruguay. However, the coverage U

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has been established by providing agents with suitable covers for the purpose of travelling through the entire area in which Axis activities have been reported. SU

At present there is also an SIS representative attached to the American Embassy in Uruguay who has established liaison with the Uruguayan Police authorities and has been able to secure considerable data from this source. Additional contacts are presently being made by this Attache and in the near future it is expected that an additional Attache and a stenographer will be made available in Uruguay. SU

It was established during the past year that the German Secret Service had a representative in Uruguay who was furnishing information concerning Allied ship movements to Germany and this person has been identified. A confidential contact exists with a German anti-Nazi group in Uruguay through which considerable information has been received regarding German propaganda and Nazi Party activities. Contacts have also been established with other anti-Axis groups, such as the Free French, the Spanish Republicans and the Free Italians. During the SIS operations in Uruguay sufficient information has been accumulated so that the principal German agents of all types were identified and it is noted that most of the principal German agents were expelled by the Uruguayan Government after the breaking of diplomatic relations with Germany. SU

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VENEZUELA

At the present time, there are two SIS representatives attached to the American Embassy in Caracas, Venezuela and four representatives located in that city in undercover capacities, and there is one undercover representative located at Maracaibo, Venezuela as compared with one representative covering the entire Republic of Venezuela at the end of the fiscal year 1940 - 1941.

Among the achievements of SIS representatives in Venezuela during the past year has been the development of a powerful informant group consisting of [redacted] located in the strategic areas of this Republic. An excellent spirit of cooperation between our SIS representatives and [redacted] in this Republic has been effected. A SIS representative in carrying out his undercover character secured the appointment as a [redacted] in Venezuela and in such capacity conducted surveys of the facilities and installations of that company and presented certain recommendations based thereon to an officer of the company. [redacted] adopted these recommendations. The results of the surveys and recommendations made were furnished to the Military Intelligence Division and the Office of Naval Intelligence and other interested Federal Agencies with the result that the suggestion was made that additional surveys be made of the remaining principal [redacted] in Venezuela. This was done by the SIS representative under the cover of his [redacted] capacity. The reaction on the part of [redacted] in Venezuela to these surveys was most favorable and practically all recommendations have been adopted.

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b7D

As a result of the work of SIS representatives a security board has been instituted in Venezuela which is the outgrowth of a meeting of principal representatives of [redacted] in Venezuela with the SIS representative. This security board is functioning at the present time and its functions are adapted to meet the emergencies of the present day. The responsibilities of the group are of particular importance due to the threat of imminent sabotage or destruction because of increased submarine activity in the Caribbean sea. Plans are now being perfected to have three additional undercover representatives work jointly with officials of [redacted] in eastern, central and western Venezuela.

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The SIS representatives attached to the Embassy are coordinating all intelligence information within the Embassy and one of these representatives is constantly traveling throughout the Republic obtaining information from confidential informants and other sources of information which have been made available through the various American Consulates.

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b7D

[redacted]

b7C
b7D

Agents assigned to this cover are given an unlimited opportunity to meet individuals and make contacts in practically all lines of endeavor, their assignment being to gather material for features to be published by [redacted] S U

[redacted]

Under this cover, Bureau representatives are able to operate in any section of Latin America as [redacted] of [redacted] is constantly being requested to furnish information relative to certain raw materials in Latin America. S U

b7C
b7D

[redacted] has been most cooperative and each Bureau representative sent out under this cover receives detailed instructions from [redacted] regarding the particular subject matter which he, the Bureau representative, is to study in a particular section of Latin America. S U

b7C
b7D
b7E

[redacted]

This cover is especially suitable for Bureau representatives in the smaller cities and rural sections of Latin America as [redacted] are well known and highly regarded in all Latin American republics. S U

b7C
b7D

[redacted] has been extremely cooperative in instructing Bureau representatives in the nature of the work performed by [redacted] representatives and this cover is being used to considerable advantage. S U

b7E

[redacted]

Through [redacted] the Bureau has been able to provide a number of Bureau representatives with very good covers. S U

b7C
b7D
b7E

All Bureau representatives using this cover have been designated by [redacted] and in that capacity do not necessarily have [redacted]. This cover is also most elastic, as the amount of time required depends entirely upon the Bureau representative, and further S U

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~~SPECIAL CONFIDENTIAL~~

ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1942 - 1943

DECLASSIFIED BY 60309 AUC TAM/MLT/CLO
ON 7-8-05

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TABLE OF CONTENTS

Major Administrative Changes in SIS at the Seat of Government	Page 1
Major Administrative Changes in SIS in the Field	2
F. B. I. Attaches in United States Missions	4
SIS Men in the Field	5
Language Training Period	5
Finances	6
Recruitment of Personnel	7
Post Language Training Period	8
Radio Communication	8
Covers and Cover Companies	9
New York SIS Office	35
Increasing Importance of SIS Work in the Investigation of the Smuggling of Strategic Materials and in Obtaining Economic Intelligence	37
Plant Survey Program in Latin America	39
Achievements in the Various Countries	43

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MAJOR ADMINISTRATIVE CHANGES IN SIS AT THE SEAT OF GOVERNMENT

During the fiscal year 1942-1943, a number of important administrative changes have been made at the seat of government all tending to make the SIS Division more efficient and comprehensive in its operations. In order to effect a more concentrated administration, the division was divided into three units, one operational unit and two investigative units designated as the Caribbean Unit and the South American Unit because of their respective geographical jurisdictions. Each of these units is headed by a unit chief who is responsible for the proper functioning of his respective unit. The duties of the chief of the operations unit consists of preparing agents for assignment, selecting the covers for which they are best fitted, supervising the expenditures made in the SIS Section and aiding employees in securing passports, visas etc. ℛ𝒰

The duties of the chiefs of the investigative units consist mainly of the examination, coordination and routing of special and general material; supervising the preparation of special memoranda, monographs and other special material; the coordination of the work in the unit with the work of the other units of the SIS and with other sections of the Bureau; and conferring with the supervisors in the units in order to assist them in coordinating their work. Investigative unit chiefs handle administrative matters arising within their units and dictate letters to other governmental agencies relating to requests and matters of policy and to personnel in the field relating to matters of policy and their work. Special memoranda of projects which can be better handled by the unit chiefs because of their knowledge of SIS work and of conditions in Latin America as a whole are dictated by the chiefs. Handling of the above matters by the unit chiefs permits the supervisors of the respective countries to better concentrate their attention on the supervising of investigative material coming to their desks inasmuch as prior to the administrative reorganization the above matters were handled by the respective supervisors of each country. ℛ𝒰

A special case desk was created in each of the two investigative units for the purpose of concentrating attention on special espionage cases arising in the countries located within the area covered by the particular unit. There are numerous involved and complicated espionage cases in Latin America, many of them with important ramifications in the United States, and these cases require special and concentrated attention. The functions of the special case desks have proved to be very valuable, as many new important espionage cases have been developed and research of material pertaining to some of the older espionage cases has resulted in the identification of additional espionage agents. These desks have contributed greatly to the furtherance of espionage investigation in the identification of espionage agents in the United States. ℛ𝒰

During the past fiscal year an important step was taken which has greatly increased the efficiency of supervision of investigative work in the ℛ𝒰

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SIS field when the file system was changed. Whereas before there were no individual case files as such, at the present time individual case files are being maintained or are being opened on subjects known to be or suspected of being engaged in various activities detrimental to the United States and to the Western Hemisphere. In addition, the SIS files were also placed under the exclusive jurisdiction of the Files Division of the Bureau and are handled in the same manner as are all other Bureau investigative files. XU

In line with the general program of specialization, a plant survey desk was created in order to coordinate the activities of the plant survey program which was instituted throughout Latin America during the past fiscal year. This desk is responsible for the supervision of all plant survey work that is being done in both the Caribbean Unit area and the South American Unit area. XU

MAJOR ADMINISTRATIVE CHANGES IN SIS IN THE FIELD

The program to increase the efficiency of the SIS Division is also reflected in the changes in the administrative procedures which have been instituted in SIS field work. Many changes were made tending to organize the various offices in Latin America along the lines of Bureau field offices in the continental United States. The Legal Attaches in the various countries were made responsible for the investigative work done within their countries and for the activities of Bureau personnel within the country, including the undercover agents as well as employees attached to the Embassies and Legations. XU

A standard report form was adopted for use in all Latin American countries and uniform instructions regarding report writing was issued to all SIS offices. Reports now coming in from the SIS field are similar to reports made up in the Bureau's field offices and are in a form for much more efficient handling at the seat of government. The Legal Attaches in the respective countries were made responsible for the coordination of the activities of the undercover agents within their respective countries and for the preparation for forwarding to the seat of government the reports in proper form of the undercover agents. This has resulted in greater efficiency on the part of the undercover agents and in the better coordination of information obtained by those agents both at the office of the Legal Attache and at the seat of government. XU

The SIS numbers of all agents were made available to the Legal Attaches so that these agents could be easily designated in reports. A system was inaugurated whereby the various Legal Attaches could exchange telegraph communications and thus expedite a particular investigation. A system has also been set up whereby copies of reports made up in a particular country are designated for all interested countries with undeveloped leads being set out in those reports much in the same manner as the regular field division reports in the United States. This has tended to reduce the amount of letter writing and supervision of particular cases at the seat of government. XU

There was also instituted a program of preparing "memoranda for all Legal Attaches" similar to letters "to all SAC's" prepared for Bureau field divisions. In almost all of the Embassies in Latin America the intelligence units attached to the Embassies have created a central files section of intelligence information and have embarked on a program of coordinating intelligence information. In almost every instance the Legal Attaches in the respective countries have been place in charge of these central files and act as coordinators of intelligence activities within their respective countries.

F. B. I. ATTACHES IN UNITED STATES MISSIONS

On July 1, 1942, we had men stationed in the Embassies, Legations or Consulates at the following points:

Buenos Aires, Argentina
La Paz, Bolivia
Rio de Janeiro, Brazil
Santiago, Chile
Valparaiso, Chile
Bogota, Colombia
Quito, Ecuador
Port au Prince, Haiti
Mexico City, Mexico
Lima, Peru
Montevideo, Uruguay
Caracas, Venezuela

This represented a total of 20 men at 12 different points. In addition we had men at Hamilton, Bermuda; Port of Spain, Trinidad and Kingston, Jamaica as Liaison Officers to the British; at Ottawa, Canada, as Liaison Officer to the R. C. M. P. and at Havana, Cuba, and Managua, Nicaragua, engaged to Police Liaison work.

As of June 1, 1943, we had increased coverage in the Missions as follows:

ARGENTINA

Buenos Aires
Bahia Blanca
Rosario

BOLIVIA

La Paz
Cochabamba

BRAZIL

Rio de Janeiro
Bahia
Belem
Bello Horizonte
Corumba
Curitiba
Fortaleza
Manaos
Natal
Porto Alegre
Recife
Santos
Sao Paulo
Victoria

CHILE

Santiago
Antofagasta
Arica
Concepcion
Osorno
Punta Arenas
Valdivia
Valparaiso

COLOMBIA

Bogota
Barranquilla
Bucaramanga
Cali
Cartagena
Medellin

COSTA RICA

San Jose
Limon
Puntarenas

CUBA

Havana
Camaguey
Santiago de Cuba

[redacted]

Ciudad Trujillo

ECUADOR

Quito
Guayaquil
Manta

GUATEMALA

Guatemala City

HAITI

Port au Prince

MEXICO

Mexico City

NICARAGUA

Managua

PARAGUAY

Asuncion
Villarrica

PERU

Lima
Arequipa

EL SALVADOR

San Salvador

URUGUAY

Montevideo

VENEZUELA

Caracas
Caranito
Ciudad Bolivar
Maracaibo

This represents a total of 155 agents at 67 points; an increase of 135 agents and 55 missions. As of July 1, 1942, we had 7 clerical employees and 5 radio men. As of June 1, 1943, we have 71 stenographers and clerks; 22 radio operators and code clerks and 6 translators, cryptographers and photographers.

SIS MEN IN THE FIELD

As of July 1, 1942, we had 188 individuals on SIS assignment. Of these 128 were Special Agents, 25 were Special Employees, and 7 were Clerical Employees. As of June 1, 1943, we had 438 persons actually out on assignment. Of these 324 were Special Agents, 22 were Radio men and Code Clerks, 15 were Special Employees, 6 were Translators, Crytographers and Photographers, and 71 were Clerical Employees. This represents an increase of personnel actually on assignment of 277% in the last eleven months of operation.

Since the establishment of the Operational Unit of SIS on November 1, 1942, there has been a net increase of 237 individuals actually on assignment. By way of comparison during the first two years and five months of operation, 201 persons were out on assignment, and in the last seven months there has been a net increase of 237.

LANGUAGE TRAINING PERIOD

The first five weeks that the Agents are in Washington they undergo an intensive course in either the Spanish or Portuguese language . The

classes are six days a week from 9:00 a.m. to 5:00 p.m. and during this period the Agents are under the jurisdiction of the Training and Inspection Division of the Bureau. This language course is interspersed with lectures by the supervisory personnel of the SIS Division, by representatives of the Technical Laboratory, of the Espionage Section and of the Training Division on subjects relating directly to SIS work in Latin America.

During the last fiscal year the training has been constant, in that the language course has lasted for five weeks during the entire period and has been interspersed by the same number of lectures. These lectures are as follows:

Purposes and Organization of the SIS Division
Geographical and Historical Aspects of Latin America
Obtaining of Passports and Visas
Working Undercover
Living Conditions and Transportation in Latin America
Types of Information Desired and How to Obtain Them
German Organizations in Latin America
Japanese Organizations in Latin America
Finances in Latin American Currency
Italian and French Organizations in Latin America
Communism in Latin America
Purposes, Aims and Activities of the Spanish Falange
How to Recognize Radio Transmitters
German Communications and German Espionage System
Handling Informants
How to Recognize Codes and Letters that have been Tampered with
Short Review of the Course with Particular Reference to the Errors Made by German Agents
Report Writing

During this language period each Agent in the class is interviewed by a representative of the SIS Division. His educational and experience background while both connected with the Bureau and previous to his past employment are gone into in detail. The purpose is to afford the SIS Division an opportunity to see each Agent individually and to size up his temperament, adaptability and versatility for particular SIS assignment.

FINANCES

During the fiscal year ending June 30, 1943, the sum of $2,900,000.00 will have been expended for the operations of the SIS Division of the Bureau. When compared with the expenditures during previous fiscal years, this figure alone shows the tremendous growth of the SIS Division. During the fiscal year ending June 30, 1941, there was expended the sum of $135,787.49, and during the fiscal year ending June 30, 1942, the sum of $764,212.51.

There was originally made available to the Bureau from the emergency of the President of the United States the sum of $1,000,000.00 for the operation of the SIS Division during the fiscal year 1943. During December, 1942,

it became apparent, due to the increased coverage desired in South and Central America and the necessary increases in personnel to obtain this coverage, that this sum would be insufficient for SIS operations during the entire fiscal year and, hence, on December 28, 1942, the President made available from his emergency fund an additional million dollars for the Bureau's SIS operations. This entire $2,900,000.00 will have been expended by the close of the fiscal year June 30, 1943.

As of May 31, 1943, the Bureau had expended for SIS operations during the first eleven months of the fiscal year of 1943, the sum of $2,589,778.42, leaving available for operations during June, 1943, the sum of $307,265.85. The amounts expended as of May 31, 1943, may be broken down as follows:

FUNDS EXPENDED FIRST
ELEVEN MONTHS OF FISCAL YEAR 1943

(July 1, 1942 to May 31, 1943.)

Salaries	$1,179,106.44
Advances	275,19[illegible].21
Employee's Expenses	735,738.58
Agent's Living and Quarters Allowances	109,360.50
Clerks' Living and Quarters Allowances	25,871.31
Informants	198,086.25
Non-Expendible Property	58,648.57
General Expenses	9,689.91
Entertainment Expenses	1,[illegible]49.78
	2,592,744.15

In connection with the above statement it should be noted that the amount set forth as Agents' and Clerks' Living and Quarters Allowances included only four months of operations, as prior to February 1, 1943, Bureau employees on SIS assignment were paid per diem in place of yearly allowances.

RECRUITMENT OF PERSONNEL

From a variety of sources the names of Special Agents assigned to the domestic field have been received in the SIS Division. Their personnel files are obtained and reviewed daily. Many Agents have written to the Bureau indicating a desire to be considered for SIS work. Other Agents, upon being interviewed in In-service Training, have indicated the desire to be considered and they are afforded an interview in the SIS Division during the time that they are in Washington.

In addition, the SIS Division obtained an alphabetical list of all single Agents in the Bureau, who, as of June 1, 1942, had had at least one year's experience as Special Agents. Progressively the personnel files were

reviewed and where the Agents appeared adaptable to SIS work, the files were briefed for further consideration. This procedure was followed from July 1, 1942, until December 7, 1942. Subsequent to the latter date, the briefing of the files, the ascertaining if any personal or business reason existed which would preclude that Agent on SIS Assignment, and the completing of the new training class has been handled by the Chief Clerk's Office.

The SIS Division, through one of its representatives, assisted in the review of files and indicated which men would be acceptable for consideration. As of the class beginning June 7, 1943, the Chief Clerk's Office assumed full and complete responsibility for obtaining the class and starting it on the previously determined schedule. The SIS Division still continues to interview In-service Agents who desire to made application for SIS work and answer what questions they might have. Clerical personnel is provided by the Chief Clerk's Office after it has received a memorandum of justification setting forth the facts which explain the need for the addition at a point. Radio personnel is supplied by the Technical Laboratory.

POST LANGUAGE TRAINING PERIOD

Following the Agents successful completion of the Language Training Period, those who survive are given further training for their SIS assignment. This training consists of the readings of various books on Latin America, the reviewing of Bureau files pertaining to the particular Latin American country to which they have been assigned, the conferring with the supervisor of the country to which they have been assigned, the preparing and writing of various memoranda for this supervisor, the receiving of instructions in coding and the use of secret ink in the Technical Laboratory, studying the nature of the business of their cover country, and obtaining their passport, visas and transportation.

This period of training is highly individualized and is not subject to class room methods. Appropriate forms have been provided and the necessary records are kept reflecting the progress of each Agent during this training period.

RADIO COMMUNICATION

Prior to this fiscal year, we has in operation three radio stations. One at Bogota, Colombia, one at Santiago, Chile, and one in Quito, Ecuador.

During the 1942-1943 fiscal year we installed the following stations:

Rio de Janeiro, Brazil
Havana, Cuba
Lima, Peru
Montevideo, Uruguay
San Jose, Costa Rica
Ciudad Trujillo, Dominican Republic

In addition, equipment is presently at Port-au-Prince, Haiti, La Paz, Bolivia, and Managua, Nicaragua. It will be installed as soon as technicians arrive. A large relay station is being installed at the present time at Lima, Peru.

COVERS AND COVER COMPANIES

After successfully completing the SIS training, the agent is ready to depart for his post of assignment, and his assignment being of such a confidential nature, it is known only to a high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SIS Division.

The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reason to send employees into Latin America. The covers available to the SIS Division include representatives of [redacted] and a variety of other occupations to which individual agents or special employees are particularly adept by experience and ability. Most of these companies give special training to the agents in order to familiarize them with their cover business.

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In the fiscal year of 1941-42, twenty-three companies were used as covers; in 1942-43, the number cooperating increased to fifty-seven. The companies which have made themselves available for this purpose are listed as follows:

[redacted]

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The above concerns and their connection with the Bureau are described briefly as follows: (U)

While the New York City, all mail by SIS agents is directed to New York City. It was founded by , a former editor of after he had discontinued . At the present time, the organization is actually managed by , however, has not been contacted by the Bureau and all arrangements for the use of this cover have been handled through . (U)

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[redacted] At no time has [redacted] indicated that agents of this Bureau, who are representing his firm, submit material, but he has indicated that the cover would be more successful if material is submitted. XU

[redacted] has been most cooperative and in an interview with the State Department relative to his company, he stated that the individuals whom he was sending to Latin America were not experienced [redacted] but were individuals selected from a great many applicants based on materials which had been submitted to him while he was [redacted] XU

[redacted] New York City, [redacted] is thoroughly familiar with all phases of commerce with Latin America. He has an active interest in business industry in all the American republics, and it was possible for the Bureau to send representatives of this firm to practically any of the Latin American republics. XU

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[redacted] has been most cooperative and prior to a Bureau representative's departing from New York, [redacted] gives him detailed instructions as to his duties in South America, and he was expected to call upon the businessmen and industrialists of Latin America and acquaint them with the services offered by [redacted] XU

In view of the great decline in bona fide commercial relations between the United States and other American republics since the entrance of the United States into the War, the value of this cover has declined, and it is not being used as extensively as prior to the entrance of the United States into the War. XU

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[redacted] New York City, [redacted] This company has been in existence for approximately [redacted] and is said [redacted] This company is well-known throughout Latin America and Bureau representatives using this cover are able to make inquiries in any section of Latin America without exciting any suspicion. [redacted] has indicated his willingness to provide covers upon request, and [redacted] has been most cooperative in training the Bureau representatives of the [redacted] XU

To make this cover more secure at various times, [redacted] will request the Bureau representatives to actually conduct a legitimate inquiry for his concern. XU

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[redacted] today through its membership, forms one of the largest and strongest aggregations of [redacted] companies in the world. Its membership includes more than a dozen of the largest and most prominent [redacted] companies in the United States. The function of the [redacted] is to write [redacted] located in South America. [redacted] may be issued by any of the company's members which in turn [redacted] by the other members of the [redacted] has representatives in practically all of the South American republics and functions through the medium of agencies and branches. XU

[redacted] New York City, has been very cooperative with the Bureau in its SIS program and in addition, has been an excellent source of information in connection with [redacted] of all kinds. [redacted] has been advised of the Bureau's SIS program and is heartily in favor of [redacted] cooperating to the fullest extent. XU

The Bureau representatives assigned to [redacted] have operated there as [redacted] which is a plausible cover because the company's representatives in South America have had more work in this connection than they have been able to handle. [redacted] has been able to offer an extensive training course to our agents going to Latin America in this capacity. Another assignment utilized with [redacted] entails the training of a new man for future foreign assignment. XU

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[redacted]

A number of Special Agents of the Bureau have been assigned as representatives of [redacted] the head offices of which are located in the [redacted] at Chicago, Illinois. [redacted], first expressed himself favorably toward the Bureau's SIS program, and it has been through him that the Bureau has been able to utilize the company as a cover. XU

[redacted] and one at [redacted] is the General Manager for all of [redacted] Latin American interests. [redacted] has been most cooperative with the Bureau in connection with the project and through him, it has been possible to place Special Agents in [redacted] plants as [redacted] with the idea in mind of training them in [redacted] XU

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[redacted], who is in charge [redacted] at [redacted] New York City, has been most helpful in arranging passport letters, transportation letters and other details. &U

[redacted] New York City, is known throughout [redacted] as a reliable and substantial [redacted] of [redacted] and [redacted]. The firm for over [redacted] has [redacted] dealing with [redacted] activities. This company is apparently a one-man organization. It is operated by [redacted] who is the Bureau's contact. Through [redacted] the cooperation of the company was solicited and obtained. &U

At the present time, one agent is assigned to this company, and he is presently at their offices receiving the necessary training. This agent has had several years experience in the [redacted], and it is contemplated that he will gather material in Latin America for the [redacted] of [redacted] &U

[redacted] New York City, is principally concerned with [redacted] and is considered one of the largest and better established companies of this type. This company has been in operation for over [redacted] and has its own representatives at [redacted] Argentina, [redacted] Brazil, and [redacted] Chile. &U

[redacted] of this company, has been most cooperative and is extremely anxious to assist the Bureau at all times. &U

[redacted] has furnished covers for Bureau representatives in all places where they appear practical, and [redacted] personally instructs each Agent using this cover as to the general nature of the [redacted] business and has furnished each Agent with specific instructions regarding the point where he is to be assigned. &U

Because of lack of materials [redacted] difficulties, this company has had to curtail its operations since the advent of war. For this reason it is not active at the present as an SIS cover. &U

[redacted] a member of the [redacted] was given [redacted] in the spring of 1942 to conduct research in connection with [redacted] for the [redacted] in New York in Guatemala. Through [redacted] the services of [redacted] were offered to the Bureau in any capacity in which he might serve. At this time, it was conceived that a Special Agent of the Bureau could be assistant to [redacted] &U

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Accordingly, appropriate arrangements were made with [redacted] and with the [redacted] through its [redacted], New York City, and a Bureau representative with a considerable background and experience in [redacted] is presently on an assignment in Guatemala as a representative of the [redacted] SU

The [redacted] with its subsidiaries, is engaged in furnishing [redacted] and [redacted] all of the [redacted] which is used as the basis for [redacted] It has very little property and equipment in Central America, most of its operations being conducted on a contract basis. This cover offers an excellent opportunity for a Bureau representative to get off of the beaten path and conduct any inquiries desirable in the more remote parts of Guatemala. SU

[redacted] has been extremely cooperative and the cover has worked out very satisfactorily. Further use of this concern can be made in other Central American countries in the event the Bureau personnel with the proper background and qualifications become available. SU

[redacted]

[redacted] of Boston, Massachusetts, has been a special service contact of the Boston Field Division and on several occasions, indicated his desire to serve the Bureau to the extent of his capacity. SU

[redacted] organization is one of the largest [redacted] concerns in the world. He purchases [redacted] and [redacted] in addition to [redacted] His company is so constructed that he has a sole representative in [redacted] who in turn works through native sub-agents. Because of the type of business, it would be necessary for a Special Agent to have experience in [redacted] in order that he utilize the company as a [redacted] representative. SU

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[redacted], however, has been interested for some time in all types of [redacted] and accordingly, a [redacted] survey is presently being made for [redacted] in Latin America by two Bureau representatives. SU

An agent is presently receiving training in [redacted] since [redacted] has indicated a syndicate is to be formed in the near future, exploring the countries of Guatemala and Colombia from the [redacted] standpoint. SU

[redacted] has also been cooperative in suggesting other companies to be utilized by the SIS Division as cover companies. SU

[redacted]

[redacted], New York City, is one of the oldest and largest agencies in [redacted] This

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company was organized in [redacted] as a [redacted] agency and the present organization is the result of several mergers and consolidations with other agencies in the same field.

This organization maintains offices in the principal cities throughout the Western Hemisphere and through [redacted] Bureau representatives have been sent to various points in Latin America to be representatives of the [redacted] of this concern. The representatives have free access to all [redacted] records at these various places and have the free run of the various offices, ostensibly being responsible only to the [redacted] and [redacted] have been most cooperative and have spent considerable time in training the Bureau representatives in the work of [redacted] This cover is quite elastic as a representative of [redacted] is expected to make inquiries of any nature and at same time, the Bureau representative's official connection with the United States Government is not known to the local representatives of [redacted] XU

[redacted]

Contact with the [redacted] Michigan was made through [redacted] who has long been useful to the Bureau and the [redacted] Field Division. [redacted] has indicated that the complete resources of the [redacted] are at the disposal of the Bureau and he is completely favorable toward the SIS program. XU

All of [redacted] activities in Brazil are under the supervision of a [redacted] has been contacted and arrangements have been made for a representative of the Bureau to work in the [redacted] where [redacted] One is located at [redacted] and the other at [redacted] This agent will work ostensibly as an [redacted] In this capacity, it is possible for him to be sent to any point in the [redacted] as [redacted] without fear of being uncovered. XU

In addition to its [redacted] in Latin America, the [redacted] has likewise [redacted] is directly in charge of [redacted] and this individual has been contacted relative to our needs in Latin America and with his cooperation, arrangements have been made to send a Bureau representative to Argentina ostensibly to be trained and developed as [redacted] XU

Due to the extensive interests of [redacted] in Latin America and the spirit of wholehearted cooperation offered by [redacted] and his subordinates, it offers an excellent source for the Bureau in obtaining SIS covers. XU

[redacted]

[redacted], New York, is a [redacted] owned by [redacted] whose entire

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production facilities at present are devoted to war work; however, in peace time, the management specializes in [redacted] This concern normally [redacted] and [redacted] as well as [redacted] etc.

Prior to the present War, [redacted] did considerable work in Latin America and at one time considered the advisability of [redacted] (U)

The desirability of this cover since the United States has entered the War has been reduced and is presently not being used as an SIS cover company. (U)

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[redacted] with offices at [redacted] New York City, is one of the foremost enterprises of its kind in the United States. Its chief income is derived from the [redacted] such as [redacted] The company has also entered into the field of [redacted] and distribution. It has a limited activity in the distribution and [redacted] Through its subsidiaries, it sells [redacted] This company is the first company to enter the field of [redacted] and presently markets the well-known and highly advertised [redacted]

[redacted] has been very cooperative and has offered the facilities of [redacted] to the Bureau without reservation. [redacted] designated his [redacted] as the representative of the company to work out details. The company has offered an extensive training course to Special Agents using the company as a cover. It has interests in [redacted] (U)

One Special Agent is presently with the company in training and it will be his assignment to conduct [redacted] in Latin America to determine for [redacted] (U)

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The [redacted] is one of the most recent commercial concerns utilized as an SIS cover. [redacted] has been very cooperative and has offered the facilities of his company to the Bureau unstintingly. (U)

[redacted] Mexico has been found to be a new source of [redacted] and accordingly this country is considered an excellent place to utilize an agent posing as a representative [redacted] In this connection, it appears that (U)

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Special Agents of the Bureau using this company will not need a background in [redacted] which makes it an ideal company from our standpoint for Bureau utilization. &U

[redacted] is also interested in further development in [redacted]. &U

[redacted] is located in [redacted] where it is considered one of the largest of [redacted] This company has been in business since [redacted]

The persons aware of the company's cooperating with the Bureau's SIS program are [redacted] New York City; [redacted] and [redacted] &U

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The nature of the cover furnished the Bureau by this company is a general post-war planning survey which survey will furnish [redacted] with data whereby they can formulate plans for development of a Latin American market after the war. In addition, the Bureau representatives will contact friends of [redacted] throughout Latin America in the nature of good will contacts to maintain cordial relations between these Latin American customers and the home office of [redacted] &U

[redacted]

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The [redacted] is the [redacted] Rhode Island. It was incorporated b7E
in [redacted] and has since grown to become [redacted] Although the company is still engaged in some [redacted] in war production at the present time. Contact with this company was made at the suggestion of a Special Agent of the Bureau who was formerly employed as [redacted] by the company. The cover was built around this employee's past experience in the [redacted] and it was through him that contact was made with [redacted] has been extremely cooperative in providing an intensive training course for the Agent presently assigned to this company and in working out the necessary details of the cover. &U

It is the assignment of the Bureau's representative with [redacted] to search for [redacted] who might be of value in producing [redacted] in the company's [redacted] or in the b7D
company's employ in Latin America, these [redacted] to be marketed b7E
in America under the name of [redacted] The other part of his assignment is to develop as great a knowledge as possible of Hispano American [redacted] with special emphasis on [redacted] which might be incorporated into the company's line marketed in the United States. &U

[redacted] New York City, has very extensive [redacted] interests in Latin America. Although this company has been approached numerous times concerning the possibility of its cooperation with the Bureau SIS program, it was not until recently that arrangements were made for a Bureau representative to go to South America as a [redacted] (U)

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[redacted] is a conservative, closely-knit organization. The Bureau's contacts are [redacted] and [redacted] It was determined through these gentlemen that though they desired to cooperate to the fullest extent, in their opinion, [redacted] is not particularly adapted to use as an SIS cover because of the fact suspicion would immediately be cast upon any individual employed by the company in the capacity of a foreign representative who did not have a background in [redacted] or was not a member of [redacted] who own and operate the company. Nevertheless, arrangements were made for sending one Bureau representative to Latin America. This agent has been assigned to conduct a [redacted] in [redacted], Brazil. It will be his job to discover and report the [redacted] in and around [redacted] there, and the various shipping facilities which might be made available after the war in getting the raw materials out of Brazil. (U)

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[redacted] offered and gave freely of their time and facilities in training this agent in [redacted] in order that he could properly conduct a survey. In order to facilitate the training, it was necessary to take into confidence [redacted] (U)

[redacted]

[redacted] of America has business offices in New York City, but its main place of business is in [redacted] The corporation owns and operates [redacted] and other businesses in the [redacted] The corporation, while not large, [redacted] (U)

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This corporation has cooperated with the Bureau's SIS program for a period of several months. This cooperation was known to [redacted] both located in [redacted] and [redacted] (U)

The cover furnished the agent was that he would make [redacted] This cover was practical for a few months, but because of the small area of the country and the Agent's inability to fit into a highly specialized business such as [redacted] as well as administrative difficulties in maintaining his confidential capacity, the agent was returned to the United States for other assignment. (U)

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During the course of this Agent's assignment, it was ascertained that the [redacted] had certain personal habits, particularly overdrinking, which endangered the confidential nature of the cover. He has been told by a Bureau representative that for the time being, the Bureau will not request the assistance of this company in its SIS program. It is not intended to use this cover again as long as [redacted] of the company. &u

[redacted]

[redacted] New York b7D
City, is the owner of various [redacted] and through b7E
[redacted] the Bureau has been afforded the opportunity of using [redacted] as a cover. The Bureau's contact with [redacted] &u

Bureau representatives using this cover can proceed to Latin America in a dual capacity, one being for the purpose of getting data for [redacted] and the other being for the purpose of securing [redacted] who may possess [redacted] of the type desired by [redacted] &u b7D

As will be noted this cover is most elastic and gives the Bureau b7E representative an opportunity to ask various questions concerning any number of subjects without arousing suspicion. &u

[redacted]

[redacted] Pennsylvania is more or less a one-man organization. The control of the company is vested in the [redacted], and the responsibility for its operation rests in the [redacted] This company is engaged in the manufacture and marketing of all of the [redacted] which are characterized by the trade name, [redacted]

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Although the company's interests in Latin America at the present b7E time are not extensive, it is vitally interested in the further development of markets for its products there. With this in view, Bureau representatives have been assigned to [redacted] to conduct surveys in Latin America looking toward the development of sufficient data upon which the company can formulate its policy for further expansion. More specifically, the information obtained by the Agents assigned will be used by the company to determine the advisability of establishing manufacturing centers for its products. &u

This cover will be particularly useful inasmuch as it will permit Bureau representatives to contact individuals in many lines of endeavor without arousing suspicion. [redacted] has been extremely willing to cooperate with the Bureau to the fullest extent. Its facilities in [redacted] Pennsylvania have been utilized for training purposes in &u b7D b7E

order that the Agents will be sufficiently grounded in the policy and marketing methods of the company. [redacted]

[redacted] of the [redacted] New York City, has in the past been a special service [redacted] York Office. The [redacted] is a combined [redacted]. It owns and operates [redacted] distinct companies which are active, [redacted] companies presently inactive, and is associated with [redacted] other concerns. [redacted]

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The principle fields of business handled by the corporation are [redacted] including [redacted] material, [redacted] for [redacted] and [redacted] The corporation has sponsored an extensive field of [redacted] with a view to broadening its industrial coverage.

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[redacted] provides an excellent cover in this particular field and has permitted the Bureau to utilize its facilities in the training of Bureau personnel in order that they might acquire a background enabling them to properly represent the company. At the present time, an agent is assigned to conduct a general current survey of Argentina with particular emphasis being placed on the development of the present trend of industrialization. This survey will include the study of all statistical data, buying habits, sales distribution methods, and other factors entering into the establishment of a sound market in the Argentine. The study will also include a survey of raw materials available in Argentina. [redacted]

Although the corporation is desirous of conducting similar surveys in other countries, it is necessary that any Bureau personnel assigned to the company have a background in economics, marketing or merchandising experience with particular emphasis on either [redacted] industry. [redacted]

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[redacted] New York City, is a [redacted] It holds a high position in this field and provides for [redacted]

The [redacted] and Bureau contact is [redacted] who has been very helpful in permitting the Bureau to send a Special Agent to Latin America as an [redacted]

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[redacted] New York City, is [redacted] which is reported to be the [redacted] in

The following page,22, is missing in this release.

the United States and which is used to provide [redacted]

[redacted] has been most cooperative in instructing Bureau representatives in [redacted] and has designated Bureau representatives as [redacted] rather than [redacted] In order to make this cover more secure, [redacted] has furnished each Bureau representative with an [redacted] and has actually had [redacted] which were prepared by Bureau representatives. S U

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This cover actually takes very little of an Agent's time, yet at the same time it provides an excellent front because of the fact that these representatives are interested in gathering data for [redacted] S U

[redacted]

The [redacted] is an [redacted] which is engaged in the [redacted] and many other [redacted] through [redacted], the Bureau has been able to send several representatives into Latin American countries. This cover is only good in the larger cities and requires no actual work on the part of the Bureau representative and in order to operate under this cover, it is only necessary that the Bureau representative become conversant with certain fundamentals of [redacted] S U

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Because the company is engaged almost entirely in manufacture for war purpose, it is not active as an SIS cover at the present time. S U

[redacted]

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[redacted] has offices at [redacted], New York, New York, [redacted] is acting head of this corporation and has been very cooperative in permitting the use of his company as an SIS cover. S U

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A subsidiary of [redacted] with headquarters in [redacted]. This company employs approximately 8,000 persons, approximately 200 of which are American citizens. The mine and mill are located [redacted] southeast of [redacted]. The company has offices in [redacted] and also in [redacted] and [redacted] S U

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The fact that the company has installations of this size in [redacted] renders it particularly adaptable to the Bureau's purposes in that an Agent assigned there as a safety engineer is not subject to suspicion. S U

[redacted] of the [redacted] located in [redacted] has been very cooperative and has assisted the Bureau in working out the details of utilizing the company as an SIS cover. S U

[redacted]

[redacted], New York City, is a S U

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the Bureau representative can make any number of inquiries under this cover, as there is no prearranged subject matter for him to cover. S U

[redacted] is not presently being utilized as an SIS cover, inasmuch as [redacted] is no longer [redacted]. S U

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[redacted], one of the [redacted] companies in the in- b7E
dustry, has been cooperating with the Bureau's SIS program for sometime. The original contact was made with [redacted] in Los Angeles, and at which time he expressed a desire to cooperate with the Bureau in its project. Through [redacted], the cooperation of [redacted] was obtained. S U

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[redacted] maintains offices throughout Latin America including b7E
[redacted] and [redacted]. These offices are occupied with [redacted], and in some instances, [redacted] S U

[redacted]

New York City and its related subsidiaries, has been cooperative in working out the details of the various assignments made for representatives of the Bureau in Latin America. The company has offered its facilities to train agents in [redacted] in order that they might adequately represent the company in Latin America. Thus far, agents have been assigned to the company in the capacity of [redacted]. It is their job to promote the [redacted] and generally to report back to the company on the conditions they find in this field in Latin America. S U

[redacted]

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[redacted], New York City, b7E
is an [redacted] that was founded in [redacted] in New York City. This organization not only has branch offices strategically located all over the United States, but also has offices in [redacted] in charge of South American branches, have been most cooperative in the Bureau's SIS program, and this cover particularly at the present time is very good due to the fact that Bureau representatives can proceed to Latin America under this cover on the pretext of obtaining information which would be of value to an [redacted] in postwar days. S U

[redacted]

[redacted] is an [redacted] concern doing one of the [redacted] and being a member of the [redacted]

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This concern has offices in ninety-four cities in the United States as well as in [redacted]. Through Mr [redacted] the Bureau has been able to send representatives into Latin America for the purpose of actually establishing and opening offices for this concern. The Bureau's contact is now Mr. [redacted], inasmuch as Mr. [redacted] is on active duty in the United States Navy. Prior to proceeding to Latin America, this concern arranged a two-week course of instruction at the [redacted] and has been most cooperative in this matter. XU

The Bureau representatives actually open offices and transact business for this concern. This is one of the few covers which the Bureau is using in which the Bureau representatives actually transact business for the cover and is considered to be most secure. This cover obviously can only be utilized in the larger Latin American cities. XU

[redacted] New York City, did operate [redacted] between New York and various ports in Brazil, Uruguay and Argentina. In normal times, this concern handled a very large volume of trade between New York and these east coast South American ports, however, since the entrance of the United States into the War, this company has turned over practically all of [redacted] and a number of its [redacted], and at the present time it is not able to handle the traffic between New York and South America due to the shortage of equipment.

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Through [redacted], the Bureau has been able to place representatives in Brazil under the cover of being [redacted]. This cover was thought to be exceptionally good due to the fact that the [redacted] is well known in Brazil and has offices in the majority of the larger cities. Experience has shown, however, that this cover is not feasible because of war conditions. Therefore, [redacted] is not presently active as an SIS cover. XU

[redacted]

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Contact with the [redacted] Boston, Massachusetts, was made through [redacted] special service contact of the Boston Field Division. [redacted] is a [redacted] and through him the complete cooperation of the [redacted], was obtained. XU

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The [redacted] is a [redacted] As such, it is interested in raw material sources, and accordingly it has been possible to place Bureau representatives with the company to survey certain locations in Latin America to determine the presence of [redacted] and other sources of [redacted] raw materials there. XU

Though no training course as such is offered by the [redacted], has been very helpful in making XU

suggestions which have served to improve the cover and make it as realistic as possible. (S U)

[redacted], another [redacted] is an SIS cover company. Its [redacted] has been most cooperative in making the facilities of the company available to the Bureau as an SIS cover. (S U)

Through [redacted] b7D
[redacted] details have been worked out in the placement of a number of b7E
agents with the company to work in Latin America. The New York offices of the company are located in the [redacted]. (S U)

An intensive training course has been instituted through [redacted] for our representatives which includes a study of the background and history of [redacted] and the financial structure of the company, its various departments from [redacted] and the operation of its [redacted] throughout the United States. (S U)

The main interest of [redacted] in Latin America is in the [redacted] it makes in the United States. It has a number of [redacted] in Latin America which it controls. It sells its [redacted] in Latin America which it does not control. Special Agents of the Bureau representing [redacted] in Latin America have been assigned to the larger cities for the purpose of facilitating the [redacted]. (S U)

[redacted]

The [redacted] at [redacted], Massachusetts, is a branch of [redacted] It is considered in scientific circles the outstanding [redacted]. Various officers of the [redacted] are [redacted] From time to time, this [redacted] using private grants, sends men into various parts of the world to make [redacted] studies and where [redacted] are made, the [redacted]

The Bureau contact in the museum is [redacted] This [redacted] is being used as a cover in the Bureau's SIS program by two individuals, both of whom have had a great deal of pre-Bureau training and b7D
experience in [redacted] One of the Bureau employees is a special employee b7E
who arranged the cover for himself individually. The second is a Special Agent of the Bureau who, while at [redacted], majored in the study of [redacted] His cover was arranged with the [redacted] by his outlining to [redacted] the nature of the SIS program and by an official of the Bureau subsequently confirming his statements to [redacted]. (S U)

This cover permits the Bureau employees to wander at will through certain parts of Latin America examining what are known as [redacted] It gives the employee access to areas where a commercial cover would be most impractical. (U S)

However, it can only be used by Agents who have had a great deal of prior experience or study in the general subject of [redacted] b7D b7E

[redacted] New York City, is also an officer of [redacted] is a [redacted] and operates a number of [redacted] a number of which are in South and Central America. [redacted]

[redacted] is known by, was connected with [redacted] This company deteriorated after the death of its president, and quite recently the owners and officers of the company came to [redacted] and employed him to put the company on its feet again. He was made [redacted] located at [redacted] New York City. The company is interested in [redacted] Its function now deals with the [redacted] of various [redacted] to war production. It is [redacted] job to revitalize the company, and this entails extending the company's interest into South and Central America. [redacted]

[redacted] is wholeheartedly in sympathy with the Bureau's interests in South and Central America. He has been very cooperative in providing cover for our agents. In view of the interests of [redacted] in South America, the company provides an excellent medium for sending our men there in the capacity of [redacted] to make surveys for further extension of the company into Latin America. [redacted] b7D b7E

All contact with [redacted] is made through Mr. [redacted] and he works out the details of each cover personally. [redacted] has also been extremely cooperative. [redacted]

[redacted] is one of the [redacted] and [redacted] of [redacted] and related by-products in the United States, and through [redacted] New York City, the Bureau has been able to send representatives into various Latin American countries, designated as special representatives of [redacted] and [redacted] New York office. [redacted]

The ostensible purpose for Bureau representatives traveling in Latin America under this cover is to contact [redacted] products and to conduct surveys as to the possibilities of extending [redacted] markets in these countries. [redacted] b7D

Since the entrance of the United States into the War, the possibilities of this cover have become somewhat limited due to the fact that [redacted] or other products cannot be made, and accordingly is not being used. [redacted] b7E

[redacted]

[redacted]

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[redacted] located in the [redacted] New York City. Mr. [redacted] has been extremely cooperative in permitting the Bureau to use the name of his company as an SIS cover. &U

The [redacted] include the [redacted], the [redacted] and [redacted]. These are trade magazines dealing with the [redacted] and are practically without competition in this particular field. In view of the fact that [redacted] is a very small organization, its use as an SIS cover is limited. At the present time, one Bureau representative is in training to represent [redacted]. He has received instructions in the [redacted] in the company policies and technique, and interviews have been arranged for him with many outstanding figures in the [redacted] This Agent's training will be completed in the [redacted] of the company where he will make a ten-day study of the [redacted] &U

At the conclusion of his training, it is contemplated that this Agent will proceed to Latin America where he will gather and submit items of [redacted] which may be [redacted] from time to time in any one of the [redacted] &U

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[redacted] New York City, has been utilized extensively as an SIS cover company. This corporation is one of the [redacted] enterprises in the United States. It [redacted] &U

[redacted] in charge of the company's foreign activities, has been the Bureau's contact with this company. In view of the extensive interests of the [redacted] in South and Central America, the company is well suited as an SIS cover. &U

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[redacted] has provided an extensive training course for Bureau Agents assigned to work for the company. This training includes familiarizing the men with the various departments within [redacted], and Agents going to South America have been instructed by the company to obtain material for future [redacted] make surveys to determine the types of [redacted] in which South Americans are interested and other special projects. &U

Through [redacted], covers have been developed in [redacted] which are subsidiaries of [redacted]. Assignments with these subsidiaries consist of obtaining material [redacted] in [redacted] and making surveys to determine the South American [redacted] &U

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[redacted] New York City, is a [redacted] which specializes in the [redacted] and [redacted] and for a number of years has been very active in Venezuela and other South American countries. X U

Through [redacted], the Bureau has been able to send representatives into Latin America for the purpose of doing work of a [redacted] for this company. [redacted] has been most cooperative and the Bureau representatives have been given extensive training in the nature of the work performed by legitimate representatives of [redacted] and in some instances [redacted] has furnished the Bureau representatives with enough actual work to make these covers most secure. X U

Because of material shortages and other difficulties brought about by the war, this company is not being used as a cover at the present time. X U

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[redacted]

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[redacted] New York City. The main offices of the publication are located at [redacted] New York.

The original contact was made through [redacted] This [redacted] has recently experienced a tremendous success in extending its activities to foreign countries. In this connection, Latin America is no exception, and [redacted] has caught on in South and Central America to the extent where its [redacted] has outdistanced all other [redacted] of a similar type. X U

At the present time, the Bureau is dealing with the [redacted] end of the [redacted] which is handled by the [redacted] whose president is [redacted] located at [redacted] New York City. Agents are in training at the present time. It will be their assignment to facilitiate [redacted] in Latin America. X U

[redacted]

The [redacted], an affiliate of the [redacted] specializes in providing [redacted] regarding [redacted] and [redacted]

This concern does not have legitimate representatives in Latin America, and through [redacted], New York City, the Bureau has been able to send representatives to various Latin American countries. X U

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This cover is most elastic, as the very nature of the business provides the agent an opportunity to make inquiries concerning individuals, corporations and even political parties. This concern does not desire that the Bureau representatives spend any time for them and has proven most satisfactory for the Bureau. X U

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[redacted], New York City, is engaged in a [redacted] This concern has had business interests in Latin America for a number of years and is highly regarded throughout the American Republics. XU

This cover is most elastic, as the company is interested in anything that the Latin Americans desire to buy or sell and will put the Latin Americans in touch with persons in the United States interested in any type of business. XU

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The Bureau, through [redacted] has been able to send numerous agents into Latin America under this cover, and [redacted] has personally conferred with each representative prior to his departure and furnished these representatives with considerable background information concerning this organization. The Bureau representatives are not assigned any specific duties by [redacted] and they do not have to perform any actual work for [redacted] XU

[redacted]

[redacted] was very helpful to Bureau representatives in that country and through him, the company was approached relative to the proposition of cooperating with the Bureau in its SIS program. [redacted] reacted favorably toward the proposition and requested that [redacted] located at [redacted] New York City, a subsidiary of [redacted] of New Jersey, be contacted in order that formal approval might be secured. XU

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[redacted] had no hesitancy in offering the facilities of his company to the Bureau, and accordingly arrangements were made to send three Bureau Agents to Maracaibo, Caracas, and Central Venezuela to act as [redacted] No training was given the Agents at the home office of the company in New York, it being understood that they would be schooled in [redacted] and in the [redacted] business in general after their arrival [redacted] One additional Agent has been assigned to represent [redacted] of [redacted] and his assignment is that of a [redacted] XU

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Although the company has been very cooperative, it is not believed that any further use can be made of it as an SIS cover due to the fact that its operations are confined mostly to [redacted] and no more Agents can be absorbed in that company at the present time. XU

[redacted]

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The headquarters of [redacted] are located at [redacted] Chicago, Illinois. [redacted] has, for a number of years, been outstanding [redacted] and [redacted] XU

Contact with this company was first made through its [redacted] With his cooperation, it has been possible to utilize the company's subsidiary [redacted] through which the company carries on its foreign activities. [redacted] has expressed himself favorably towards the Bureau's SIS program. Details relative to the assignment of Bureau representatives with this company are worked out with [redacted] and [redacted] of [redacted]. [redacted]

[redacted] has a number of branch plants located in Latin American cities. These cities include [redacted] The company also has similar plants located in Latin America. In addition to these plants, [redacted] has numerous other holdings throughout Brazil and Argentina. [redacted]

[redacted] has been particularly cooperative in offering its facilities in the training of agents for work in Latin America. Thus far agents have been assigned to [redacted] in Latin America to do [redacted] along [redacted] In this capacity, these agents [redacted] with a view of making recommendations which might [redacted] and reduce [redacted]. These [redacted] also entail examinations designed to [redacted]

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Due to the fact that the Bureau agents are fairly well fitted for this type of work and employees of the [redacted] doing this type of work are usually drawn from the [redacted] no suspicion is attached to a Bureau representative working in this capacity. For this reason, [redacted] offers an excellent cover for Bureau representatives in Latin America. [redacted]

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The [redacted], located at [redacted], New York City, has recently been added as an SIS cover company through the company's [redacted] and his assistant, [redacted] The complete cooperation of the [redacted] has been obtained. [redacted]

[redacted] operates extensively in South and Central America. It has [redacted] facilities in Brazil, Colombia, Uruguay and Argentina. It also has [redacted] in other South and Central American countries. Thus far, it has been possible to place two Bureau representatives in the [redacted] One is headquartered in [redacted] Brazil, and the other is presently receiving training for work in [redacted] Colombia. [redacted]

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Because of the extremely cooperative attitude of the officers of the [redacted] and its size and extensive interests in Latin America, it is entirely possible that its facilities may be used to a greater extent in the future as an SIS cover company. [redacted]

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[redacted], New York City, is reported to be the [redacted] which formerly maintained offices [redacted] At the present time this agency has offices in [redacted] XU

[redacted] this concern, have been especially cooperative in providing covers for Bureau representatives at any point in South America where representation would be logical. XU

As the nature of this concern's business in Latin America is purely that of a [redacted] it enables the Bureau representative to make numerous inquiries without creating suspicion. One specific assignment which this company gave a Bureau agent was concerning: [redacted] XU

One of the features of the company is that as soon as [redacted] is completed, another can be commenced and the cover will remain secure for an indefinite period. XU

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[redacted], New York City, has existed as a [redacted] It was originally organized to supply [redacted] but has extended its activities to [redacted] and it is now considered the [redacted] This agency does not have full time staff correspondents as such in Latin America. XU

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Through [redacted] the Bureau has been able to send representatives into Latin America to function as [redacted] b7E The Bureau representatives using this cover have excellent opportunities of interviewing various governmental and diplomatic personalities and it is proving most effective. XU

[redacted]

The business office of [redacted] and [redacted] is located at [redacted], New York City. Its [redacted] This company is one of the [redacted] and the Bureau has been successful in placing a number of agents with the company to work in Latin America. XU

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The details of each cover are worked out with the company through [redacted] Both of these gentlemen have been extremely cooperative and willing in every respect to assist the Bureau. Agents working in [redacted] are given an extensive XU

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training course toward the end that they may be familiar with al[illegible]pects of the [redacted] &U

[redacted] has extensive interests in Latin America where it [redacted] The company has been able in the past to spenser various assignments for Bureau agents in its employ such as gathering material for [redacted] and operators for the purpose of determining what the public's tastes are in [redacted], and various other special projects. Inasmuch as [redacted] has only recently become [redacted] of the corporation, agents have successfully operated in Latin America as special representatives of his office to check up on conditions in Latin America. &U

[redacted]

The [redacted], was founded in [redacted] by [redacted] It now has approximately [redacted] in which it has controlling interest and as of 1941, had approximately [redacted] throughout the United States. The main interest of this company in Latin America is the merchandising of its [redacted] there. Most of these products bear the [redacted] &U

Contact was first made with the [redacted], through the cooperation of [redacted], confidential contact of the Bureau, who has previously furnished covers for agents in SIS work. The [redacted] this company, [redacted], has only recently been approached with regard to the cooperation of [redacted] in the Bureau's SIS program. [redacted] has been completely willing to offer the facilities of his company to the Bureau in this connection and through him it was learned that the [redacted] has been seriously considering the institution of a [redacted] in Latin America to determine the [redacted], the particular [redacted] and [redacted] popular in the various large centers of Latin America, and other factual information relative to [redacted] and [redacted] which would assist [redacted] in deciding whether it must expend funds to develop Latin American markets. &U

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At the present time one agent has been assigned to undertake such a survey for [redacted], and he is at the present time at the company's office at [redacted], Massachusetts, where he is receiving the necessary training to equip him for the survey. &U

[redacted], is immediately in charge of the program, and the complete details of the survey will be worked out by [redacted] &U

[redacted]

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The [redacted], Boston, Massachusetts, has very extensive interests in South and Central America. These interests include [redacted] in practically &U

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all types of industry in Latin America. [redacted] of the company, has been a [redacted] of the New York office for some time. He has at all times been willing to cooperate in any way possible with the Bureau, but the organization of the [redacted] is such that its use as an SIS cover is limited. The company is close-knit in its organization and employees generally have been with the company for a long period of time. Therefore the presence of an outsider, in [redacted] opinion, would create a good deal of suspicion and gossip among [redacted] employees in any foreign country. 5 U

[redacted] 5

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[redacted]

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The [redacted] b7E
New York City, in the [redacted] a part of [redacted] of the [redacted] was first approached and indicated his complete willingness to assist the Bureau in its SIS program. After conferring with the company's [redacted] appointed [redacted], as the executive to deal with the Bureau in working out the details of an SIS cover. 5 U

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The [redacted] has [redacted] and b7E
the company has a [redacted] the company does not have resident employees, but the country is covered by the branch in [redacted] 5 U

[redacted] has been most cooperative and one Bureau representative is presently in training. He is receiving instruction concerning the company's policies, [redacted] and all phases of the operations of the [redacted] At the conclusion of his training, this agent will receive certain specific assignments, such as investigation of a [redacted] Columbia, with a view to determining whether the [redacted] shall purchase it. [redacted] contemplates making other specific assignments to the Bureau representatives and states that it will be possible to maintain the agent under a good cover in Latin America for as long as it is advantageous from the Bureau's standpoint for him to stay. 5 U

[redacted]

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Through the cooperation of [redacted] b7E
[redacted] in charge of the New York office of the company, located at [redacted] New York City, the cooperation 5 U

of the company who solicited and obtained. [redacted] is one of the foremost companies in [redacted] and as such has tangible interests in Latin America. &U

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Where necessary, the company's facilities are available to the Bureau for training purposes. This training consists of familiarizing the Bureau representative with the [redacted] generally and with the details of his particular assignment. Thus far, agents have been assigned to specific tasks such as [redacted] in its [redacted] Peru; the locating of additional sites where the company can [redacted], Chile; and conducting a survey to obtain information relative to [redacted] in Bolivia in order that [redacted] might expand their activities in that country. &U

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[redacted], has also been extremely cooperative and in connection with one assignment, the Bureau representative is in Mexico City to accelerate the purchase of property for which the company has been negotiating for some time. This agent has the authority to negotiate on behalf of [redacted] and complete the purchase if it is possible for him to do so. The agent reports directly to [redacted] the progress of his assignment. &U

[redacted]

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[redacted] is an [redacted] concern with home offices at [redacted] San Francisco, California. This organisation has maintained branch offices in principal cities of the Far East for a number of years and it is there that most of their business activities have been concentrated. However, since the declaration of war, the [redacted] has shifted their business attention to Latin America and recently has sent several of their own employees to various points in South and Central America for the purpose of locating substitutes for most materials that they [redacted] This concern appears to be a live wire progressive organization, at the present time pioneering in a number of commercial fields in Latin America, and through Mr. [redacted] New York City, the Bureau has been able to send representatives into Latin America to make surveys on different projects in which this organization is interested. &U

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[redacted] has been most cooperative and prior to the departure of a Bureau representative under this cover, he personally gives such representative detailed instructions over a period of ten days concerning the organization and the specific project upon which information is desired. This cover does not make any great demand on the Bureau representatives' time and to date has been successful. &U

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[redacted]

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[redacted] is an extensive [redacted] organisation located at [redacted] Chicago, Illinois. Its [redacted] is the Bureau's contact in the company, and he &U

have evinced a sincere desire to be of assistance to the Bureau. [redacted] in South America, one located at [redacted] Brazil, and the other at [redacted] Argentina. The company has made its facilities available to the Bureau agents as a cover company, and also to training the agents of the Bureau in the [redacted] industry in order that they might properly represent the company in Latin America.

At the present time, agents of the Bureau working with [redacted] are assigned as [redacted]. The duties of [redacted] consists primarily in investigating [redacted] within the company's [redacted] and making recommendations for the [redacted] in order that the [redacted] might be reduced.

[redacted]

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The headquarters of [redacted], are located at [redacted] New York City. This is one of the [redacted] companies in the United States, and its [redacted] include many of the most [redacted] in the United States today. It is said that the company does not consider [redacted]

Contact with the company's [redacted] was originally made through one of the company's high executives, [redacted] were most cooperative and readily agreed to employ a Bureau representative in South America. The company, though it has no branches in Latin America at the present time, is interested in offering [redacted] available in South America to its present clients. One Bureau agent is at the present time in training with [redacted]. It is contemplated that he will go to Latin America to conduct research for the company designed to furnish [redacted] with complete details concerning the various [redacted] available in Latin America. Due to the type of research this agent will conduct, he will be able to contact individuals in all walks of life and in all types of endeavor, which will make this a particularly effective SIS cover.

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NEW YORK SIS OFFICE

The New York City SIS office consists of a suite of three offices connected by a combination hallway and reception room. These offices are located in the RCA Building, 30 Rockefeller Plaza, and are entered through room 3144. The offices are furnished with desks, chairs, and the usual equipment found in a business office. In addition, there are two steel safes where all records and files are maintained.

The personnel assigned to this office consists of a Special Agent in Charge, his assistant, a clerk and a stenographer. In addition to the assigned personnel, these quarters are used as headquarters for all SIS representatives while they are in New York for the purpose of training with covers, obtaining visas and arranging for passports.

This office is responsible for and supervises the maintenance and collection of mail from 39 mail drops or post office boxes, which are scattered throughout the various postal stations and sub-stations in Mid-Town and Lower Manhattan. Each morning the clerk collects the incoming mail from each of these boxes which is immediately forwarded to the Bureau.

All outgoing mail addressed to SIS representatives in Latin America is forwarded to the New York SIS office for clearance and arrangements have been furnished whereby this mail is opened and resealed with the censor's stamp, so that it appears to have received the same treatment as all other outgoing mail, however, the contents are not examined.

The Special Agent in Charge of the New York SIS office, and his assistant, are charged with establishing and maintaining contacts with reputable business houses in the East and Mid-West who are in the position to provide cover facilities, and in addition to obtaining these covers, the Special Agent in Charge assists in assigning covers to agents training in Washington for SIS assignment. Due to the fact that cable addresses cannot be used at the present time, representatives on assignment in Latin America can only communicate with the Bureau by cable by transmitting these cables to their New York cover, and it is necessary for the New York SIS office to relay all of these messages to the Bureau.

In order to facilitate the obtaining of visas and other travel documents, a file is maintained in the New York SIS office on the visa requirements for each of the Latin American Republics and each agent, upon obtaining a visa, is required to prepare a memorandum for that file so that an agent subsequently desiring a visa can profit by the experience of men who have gone before them. The New York SIS office also assists SIS representatives in obtaining letters from the New York Police Department certifying that these representatives have no criminal record.

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The New York SIS office at present maintains $2,000 on deposit with the [redacted], New York City, so that SIS representatives desiring to purchase airplane or steamship tickets can cash checks against this account and purchase the tickets with cash.

The New York SIS office also handles contacts and interviews with travelers returning from Latin America and also interviews all applicants for the position of Special Employees who appear to be qualified to be of assistance to the Bureau in Latin America.

In addition, the New York SIS office develops and maintains confidential sources of information who, through experience and knowledge, furnish substantive information relative to general intelligence matters in Latin America.

In addition to the above, the Special Agent in Charge of the New York SIS office represents the Bureau at the weekly Foreign Intelligence Conference which is attended by representatives of Postal and Cable Censorship, Military Intelligence Division, Board of Economic Warfare, Office of Naval Intelligence and the Office of Strategic Services.

THE INVESTIGATIONS OF THE SMUGGLING OF STRATEGIC MATERIALS AND IN OBTAINING ECONOMIC INTELLIGENCE

The SIS Division has since its inception included the obtaining of economic intelligence as one of its primary objectives. However, during the past fiscal year, this phase in intelligence activity has taken on greater importance, particularly in respect to the smuggling of strategic metals and materials from Latin America. S U

SIS representatives from time to time have submitted information relative to the activity in Latin America of Axis agents in the procurement of strategic materials for use in the Axis war machine. The information obtained was distributed at the Seat of Government to the various agencies of the United States Government as well as to the British Government. The agencies dealing primarily with the procurement and protection of the Allied reserves of strategic materials soon made known their intense interest in securing complete information along this line. It was also indicated both by the Board of Economic Warfare and the British Ministry of Economic Warfare, that preventing the Axis powers from obtaining strategic material for their war machines was of the greatest importance in bringing the war to an early conclusion as it was definitely known that Axis nations were in dire need of many types of strategic material. The Board of Economic Warfare prepared an outline of the functions and needs of that department for the use of the Bureau in obtaining economic information which would assist in the conduct of an effective economic warfare. In general, the aim of economic warfare is to do the greatest possible harm to the economy of enemy countries and, therefore, to the economic basis of the enemy's military power. The achievement of this purpose entails a number of specific operations. In order to deprive the Axis of indispensable supplies, it is necessary to outlaw its trade, blockade its ports, cut off its sources of foreign exchange, and to outbid it in the neutral markets to which it has access. S U

Accordingly, economic intelligence activity has assumed a position equal to espionage activity, and it has been necessary for SIS representatives to initiate widespread investigations into smuggling and contraband activities of all kinds as well as investigations into blockade running operations. S U

One of the first outstanding cases developed by SIS representatives and one which tended to bring to the attention of the Allied Nations the importance of smuggling activities involved the smuggling of diamonds from Venezuela to Spain, from which point the diamonds were undoubtedly destined for Germany. The investigation of this case determined that Angel Arpon, a Spanish national, was buying large amounts of diamonds on the Black Market in Venezuela and that he was using funds supplied him by the Spanish Minister

S U

to Venezuela, Jose Sangronis de Castro. Arpon was eventually apprehended at Trinidad together with a number of confederates, all of whom were carrying diamonds to Spain. XU

Within the past few months, a large number of important cases have been developed involving the smuggling of platinum, diamonds and many other strategic materials. In Colombia, which is the only Latin American country producing any great supply of platinum, it has been determined that innumerable individuals are engaged in the smuggling of platinum out of the country, and recently through SIS operations a large ring of platinum smugglers was found to be operating in Ecuador. The ring is headed by Harold Cbury and operates from Ecuador. The platinum is procured in Colombia in a clandestine manner and is taken to Ecuador and later on to Argentina where it undoubtedly is being sold or turned over to Axis [illegible]. XU

A vast amount of economic information has been obtained through SIS representatives and an increasing number of requests are being received from governmental agencies for all types of economic intelligence. The SIS Division is concentrating on this subject and is effectively undertaking the task of supplying this information.

PLANT SURVEY PROGRAM IN LATIN AMERICA

Under the Delimitation Agreement entered into with the Army and Navy on November 25, 1942, the SIS of the Federal Bureau of Investigation agreed to conduct plant surveys in the Latin American Republics of plants and other facilities vital to the production, manufacture and transportation of strategic materials for use in behalf of the United Nations war effort. Under the agreement this would also include the furnishing of technical advisors and instructors to the various countries for the assistance of officials of both industry and government.

Prior to this time, the only other plant survey activity to take place during the past fiscal year was in Bolivia where three plant survey experts were sent in July, 1942, at the request of the Bolivian Foreign Office to advise the Bolivian Government with regard to the protection of the vital tin industry of the country. The work performed by them will be dealt with subsequently in this report.

Immediately following the signing of the above mentioned agreement steps were taken to obtain a list of plants and facilities in Latin America considered vital. Upon receipt of this list, 18 Special Agents unusually qualified in plant survey matters as proven by their previous work in the plant survey program in the United States were given instruction in SIS matters and a refresher course in plant surveys and dispatched to Latin America as soon as the State Department had obtained the proper clearance. Their first surveys began in early February, 1943. These agents went to Latin America openly and entered a country only after the Ambassador had obtained permission for surveys to be conducted from the country involved.

The list of plants furnished by the Army proved somewhat faulty and was apparently prepared without much research on their part. In some instances plants were found to be non-existent or else were not producing nor expecting to produce for the United Nations. In other instances important facilities were omitted. However, as a result of numerous conferences with military attaches and ambassadors and with Army and State Department officials in Washington, it is believed that this has been corrected. Ninety-two survey reports have been received covering 140 facilities actually surveyed, substantially covering strategic industries in every country where such are located except Argentina and Mexico.

It should be noted that in neither of these countries are there any facilities with a higher priority rating than 3 as given by the Army. No surveys have been made in Argentina because the Castillo Government was reluctant to grant permission for them to be made or for our plant survey experts to enter the country for this purpose. At the time of the recent Argentine revolution negotiations were under way to provide an instructor in plant survey matters to the country. It is not known what attitude the new Government will take regarding plant surveys, but steps will be taken to conduct surveys if arrangements can be made. Otherwise the surveys will be conducted by means of undercover representatives.

Surveys have not been conducted in Mexico because of the attitude of U. S. Ambassador George S. Messersmith. He has asserted that he does not feel the necessity for surveys being made there and, therefore, does not intend to bring the matter to the attention of the Mexican Government. He stated that he was willing to assume responsibility in the event sabotage occurred at any of the plants of importance in Mexico. All appropriate agencies have been advised regarding the Ambassador's attitude and of the fact that this Bureau is not going ahead with the making of plant surveys in Mexico in view of the Ambassador's statement, since our plant survey program was originated at the request of other Governmental agencies, including the State Department. XU

Otherwise the plant survey program has been extremely well received. Governments and Embassy officials in the countries which have been visited have indicated that they are pleased with the services rendered and feel that there is a definite need for the FBI to continue its survey work as well as to follow up that which has already been done. In addition, the SIS work of the Bureau is enhanced by the plant survey program because of the numerous new and important contacts which have been established both in industry and Government in the Latin American republics. Already permanent plant survey agents have been sent to Cuba, Chile, Ecuador, and Colombia following requests from those countries that such representatives be so stationed. Similar invitations are expected shortly from Brazil, Uruguay and Peru where governmental machinery is now at work towards this end. For example, as a result of contact by plant survey agents with officials of Brazil a meeting is being had by the security officers attached to each major Governments department towards establishing a plant security board which would set up a plant protection school to be instructed by an FBI plant survey agent who would also act as liaison man and advisor to the board on plant survey matters. XU

The Bureau booklet "Suggestions for Protection of Industrial Facilities" has been translated into both Spanish and Portuguese and is being appropriately distributed in the same manner as was followed in the United States. In addition to the copies of reports and letters of recommendations which are distributed as has been done previously in plant survey matters in this country the maps, blueprints and photographs which accompany the reports are being made up into exhibit albums and similarly distributed for the additional enlightenment of those interested in the surveys. The letters of recommendations are also being translated into Spanish where this is necessary. XU

It was learned that the British instituted an Industrial Security "Scheme", as they call it, for Latin America in September, 1942. They have several Industrial Security Officers in South America who are chiefs of various territories assigned to them. In addition to this they have a school in Canada where they give security and anti-sabotage training to persons employed in British-owned companies in South America. The British confine their activities strictly to British-owned facilities since the FBI instituted its plant survey program in Latin America. It was found that several companies, mostly railroads, listed by the Army as being strategic were British-owned. In order to avoid a duplication of effort arrangements were made for the British to submit their reports made on these facilities to the Bureau and they have been distributed to the interested XU

agencies. The Army has advised that they are satisfactory from the security standpoint, and it has, therefore, been unnecessary to make duplicate surveys. British reports on the different facilities have so far been distributed. X U

The Bureau has been commended on the plant survey reports and the dispatch with which the program has been handled by the State Department and the Resources Protection Board of the War Production Board. The American Ambassador in Lima, Peru, who has not been too friendly in the past, personally assisted in the arrangements for the surveys in Peru and subsequently wrote that he was very pleased with the competent, workmanlike manner in which the program was handled in his country. X U

From the Charge d'Affaires in Bolivia acting in the absence of the Ambassador the following is quoted: "I believe that Messrs. [redacted] (the plant survey agents there) have done excellent work in organizing countersabotage measures in the Bolivian mining industry. They have performed their duties carefully and efficiently." X U b7C

For the purpose of sketching briefly the number and types of surveys which have been conducted the following is set out below: X U

Bolivia - Ten major companies have been surveyed including 20 facilities owned by them covering all important tin, tungsten, copper and power plants in the country. The important railroads here and through Chile to the sea are British owned and reports on these have been received and distributed. X U

Brazil - Fifteen Brazilian ports including those strategically located on the "hump" and the important inland Amazon port at Manaos in the heart of the rubber and jungle country; one Brazilian owned railway which transports the majority of the food from the heart of the State of Sao Paulo and which food the American military units stationed in Brazil depend upon to a very great extent; four coal mines which are extremely important to industry in Brazil, particularly since "bottoms" which can bring coal from outside to Brazil are scarce; oil facilities of four large American oil companies; oil storage facilities leased by the U. S. Navy along the above-mentioned "hump"; strategic facilities of Pan American Airlines and Panair do Brazil have been surveyed. X U

Colombia- The largest and most extensive railway in the country has been surveyed and the American-owned or operated airlines located in the country are in the process of being surveyed. X U

Cuba - The power company supplying most of the country's power, as well as the more important nickel, manganese and copper facilities have been surveyed. The important airlines are being surveyed and our plant survey agent has been holding meetings with officials of American-owned plants in the country to advise them on plant protection matters. X U

Chile - Three large American-owned copper companies which have a practical monopoly on the production of this metal in the country have been X U

surveyed as well as the ports from which this material and the tin from Bolivia are sent to the United States, and Panagra Airlines. S U

Ecuador - One large copper company, one important transmitting station of an international radio and cable company and twenty-nine balsa mills have been surveyed. The balsa wood produced by the mills is important in the manufacture of the famous Mosquito bombers presently being manufactured in England. S U

Peru - Two oil refineries, one the largest and most important on the West Coast of South America; one company producing vanadium and one producing most of the country's copper, the most important part of Peru, and Panagra Airlines have been surveyed. S U

Uruguay - The three largest and most important meat packing companies, the state power company and the state owned oil and alcohol refinery, and the important port of Montevideo have been surveyed. S U

Venezuela - Inasmuch as all of the facilities of the important oil companies in this country were surveyed by an FBI representative in an undercover capacity in 1941 and most of his recommendations have been adopted, it has not been deemed necessary to resurvey any of these facilities. S U

ACHIEVEMENTS IN THE VARIOUS COUNTRIES

ARGENTINA

The SIS personnel has increased rapidly since May 13, 1942, when a Special Agent was assigned as Legal Attache at the American Embassy in Buenos Aires, Argentina. In the latter part of August and the first part of September, 1942, the open representation in Argentina was increased by establishing vice-consuls at Rosario, Bahia Blanca, and Buenos Aires, Argentina. At the present time there are thirty-six undercover SIS operators, twenty-two of whom are located in Buenos Aires. The remainder are in other principal cities of Argentina, such as Tucuman, Mar del Plata, Misiones, Posades, Bahia Blanca, and Rosario. In addition to the Legal Attache located at the American Embassy, there are an Assistant Legal Attache, four Vice-Consul non-career, all of them being SIS employees. Working in the American Embassy and attached to the Legal Attache's office are three stenographers on SIS assignment.

Some of the undercover operators in Argentina are in a constant travel status [redacted] These men keep in touch with subversive activities in the interior of Argentina and have their headquarters at the more important interior cities. Bureau personnel is so distributed as to afford very good coverage inasmuch as the operatives are located in all of the most important cities from the standpoint of our work. The undercover operatives are closely supervised and contact is maintained with them regularly.

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Information of extreme importance requiring urgent attention is transmitted by coded cable to Montevideo, Uruguay, where it is relayed by Bureau radio to Washington. This affords a speedy means of communication resulting in better supervision and better results. In this way, interested agencies are furnished with information of a vital nature in the fastest, safest possible manner.

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At the present time there are approximately 358 confidential informants utilized by SIS operatives in Argentina. These informants for the most part have proven to be reliable and trustworthy. Some of these informants are able to give information only on specific individuals, while others are [redacted] capable of handling most any type of investigative work. The services of [redacted] are utilized in Buenos Aires alone. Informants come from all walks of life. Because of the nature of our informant coverage, it has been possible to obtain varied and detailed information concerning the whole range of subversive activities which affect the United States and Allied War effort. It is estimated that our men in Argentina have a total of 3,940 persons interested in making observations and acquiring information concerning subversive activities and related subjects in Argentina. Some of the more important connections of the informants are [redacted] including German, French, Italian, and Japanese, [redacted] such as [redacted]

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[redacted] and many other sources of information which are necessary in our work. X U

Our representatives have access to official records in the Buenos Aires [redacted] and are able to obtain photographs, [redacted] and other such information, [redacted] on the [redacted] of the [redacted] are employed by our SIS operatives. These men are able to obtain much information of value through their own [redacted] and at the same time cause official investigations to be made by the [redacted] on subjects whom our SIS representatives have investigated with a view to the subject's prosecution by the Government. Efforts are continuously being made to increase our coverage and perfect our contacts with the [redacted] throughout Argentina. No direct liaison is had with other governmental organizations except in the same way as with the police departments; namely, through individual governmental officials who occupy positions of influence and who are thus able to obtain good information. X U

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The Argentine Government has insisted on a neutrality resulting in a benevolent attitude toward the Axis, thus precluding substantive achievements in Argentina in connection with our work, which would be commensurate with the importance of Argentina. In this respect and in spite of the Argentine attitude, SIS representatives have conclusively established that the Axis powers operated an extensive espionage service in Argentina, since the breaking off of relations by other countries in South America with the Axis and has been used as a base of operations by the Axis against other American nations. This matter was brought to a head by a speech of the Honorable Summer W. Welles of the State Department in October, 1942, in which he alleged that both Argentina and Chile were being used as a base of espionage operations against the other American nations. X U

It will be recalled that the Argentine Government formally protested his speech. The Argentine Government asked that any information in the possession of the United States Government relating to Axis espionage activities be made available to them. On November 2, 1942, and November 3, 1942, memoranda incorporating information accumulated by investigation by the SIS representatives in Argentina were delivered to the Argentine Government by November 11, 1942. The memoranda included information relating to the operations of German agents and also with reference to Japanese and Italian activities. [redacted] who was a confidential informant for SIS agents and [redacted] advised on November 3, 1942, that the police had been requested to investigate the allegations set forth. The police immediately took into custody eighteen persons, but from confidential information it was indicated that they were making little progress and that true facts set forth in the memoranda had not been furnished to them. Information was obtained that one of the principal agents, Hans Napp, had not been taken into custody because X U

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the police were unable to locate him. [redacted] (as contrasted to [redacted] who had been handling [redacted] who had been acting as informants for the SIS agents, were furnished with the information in our possession concerning Napp. They immediately found Napp, [redacted] and removed him to the Provincial capital, La Plata, Argentina, where they obtained a complete confession from him within a period of two days. The prisoners and confessions were then turned over to the national authorities. b7C

The confession made by Napp was exactly in accordance with the allegations set forth in our memoranda; namely, that he had been running a ship-reporting service regarding Allied shipping and had furnished reports, at first, to a clandestine radio transmitter LYR in Rio de Janeiro and subsequently to Captain Dietrich Niebuhr, the Naval Attache of the German Embassy in Buenos Aires, Argentina. He also named his accomplices who included Ottomar Muller, Walter Friewald, and Lothar von Reichenbach. He also stated that he was under the direction of Captain Niebuhr and that he had not expected to be arrested due to a promise that he had received from the Buenos Aires police.

Details concerning this confession were given to the newspapers by the Provincial Police and their publication produced furor in Argentina and demands were made by the newspapers that strenuous action be taken against the agents and against Captain Niebuhr. On December 4, 1942, the results of the investigation of the agents were turned over to a Federal judge in Buenos Aires by the Police Department and on December 7, 1942, indictments were returned against Hans Napp, Ottomar Muller, Walter Friewald, Thilo Martens, Elvezio Ortelli, and Lothar von Reichenbach. The indictments charged these men with unfriendly acts to a nation at peace with Argentina. The Federal judge transmitted to the Argentine Department of Foreign Affairs the information concerning Captain Niebuhr and requested that the German Government be asked to release Niebuhr for trial. At a subsequent date the Foreign Office made this request of the German Government, and on December 26, 1942, the German Government acknowledged the request but failed to state whether Captain Niebuhr would waive his diplomatic immunity and stand trial in the Argentine courts. Subsequently, Captain Niebuhr left Argentina under diplomatic immunity for Germany.

On one previous occasion the Argentine Government took unwilling action against a German agent. One Walter Giese was identified by SIS representatives as being a principal Nazi agent in Ecuador. Giese sent his reports to the clandestine radio transmitter LYR in Rio de Janeiro. Eventually he was expelled from Ecuador when his operations became known, and in April, 1942, he arrived in Argentina. Giese decided to stay in South America and had a permanent visa for residence in Paraguay, which visa was cancelled as a result of the information concerning him being made available to the Paraguayan Government by the American Ambassador. The information relating to Giese was made available to the Argentine Government through diplomatic channels, and he was immediately interned on his arrival in Argentina. After safe conduct had been obtained from both the American and British Governments, he was repatriated to Germany by the Argentine Government.

on a Spanish ship and thus a dangerous Nazi agent was removed from the Western Hemisphere. S U

One of the most important agents discovered in connection with investigations by the SIS of German espionage operations was Freda Von Maltzahon Douglas, alias Countess Douglas. Her husband, Archibald Albrach Douglas, operated as a German agent in the United States and subsequently escaped. Countess Douglas sent messages to Germany through the clandestine German radio PYL located in Santiago, Chile, and it was indicated that she was proceeding to Argentina. Widespread investigations failed to locate her, but in November, 1942, she was located by SIS representatives in Buenos Aires, Argentina. Countess Douglas was employed in Buenos Aires by Richard Plummer, Engineering Director of the Duperil, a subsidiary of the DuPont interest in Buenos Aires. Plummer was also Chairman of the Allied Plant Protection and Anti-Sabotage Committee. Countess Douglas had been acting as his secretary for a period of seven months. Plummer, when informed of her activities, of course, discharged her as an employee, and the proper precautions were taken in connection with the work of his committee. Countess Douglas' activities are being closely surveilled by SIS representatives, [redacted] for a long period was [redacted] in Buenos Aires, Argentina. He was known to be a German but information detrimental to him had not been obtained by the company. An extensive investigation by [redacted], SIS Agent, established that [redacted] was pro-Nazi, that he distributed Nazi propaganda, and that he was utilizing his position to the detriment of the United States. This information was made available to the headquarters office of [redacted] New York City, and resulted in the immediate discharge of [redacted] although he had been employed by the company for ten years. S U

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SIS representatives in Argentina may also be accredited with obtaining and submitting considerable information about commercial firms which subsequently appeared on the United States Proclaimed List of Certain Blocked Nationals. It may be stated that this information, which was furnished to the proper United States economic authorities, was either responsible or instrumental in placing numerous firms on the Proclaimed List. S U

Other important cases presently pending in Argentina are as follows: S U

The Japsa Case

This case involves the most complete Japanese espionage ring that has been uncovered by the Bureau. The members of the ring are using Japanese diplomatic codes and Spanish names and addresses, and are known to be active in Argentina, Brazil, Chile, Colombia, and Bolivia, where all members are presently being actively investigated. Coverage is maintained on the drop boxes, one of which is the former president of Chile; another is a Spanish individual in Buenos Aires who is acting as a double agent for us. Some of the money utilized for the payment of salaries of the agents is Santiago, Chile, has been received from the office o [redacted] S U

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The Juan Enriques Secret Writing Case

This case involves investigations of twelve individuals in Argentina, Chile, Bolivia, Uruguay, and Mexico who have been transmitting espionage information for the Germans to a series of related drop boxes in Madrid, Spain. There has been in the letters information obviously obtained from United States publications, and it has been developed that Life Magazine is being forwarded to the Germans by the agents. Thirty-seven letters have been intercepted to date.

The Buenos Aires Smuggling Ring

We have two informants working in a smuggling ring in Buenos Aires involving nine individuals and four firms engaged in the purchase, sale, and smuggling of diamonds, platinum, and other precious metals to the Axis. The material smuggled is obtained from Brazil, Chile, Uruguay, Venezuela, and Nicaragua. One of our informants has been propositioned as to taking a trip to other countries to obtain the metals, and the present investigation involves coverage of the movements of this informant, as well as the various members of the ring.

The Buenos Aires Stowaway Case

In May of 1943, Hans Zweigert arrived in Buenos Aires as a stowaway on board a Spanish steamship proceeding direct from Europe. He was hidden and maintained on board by Javier Azarola, a steward who is a German courier. Both were German agents and they were arrested by Argentine authorities, and there were discovered microfilm codes, large sums of money, and blue prints for constructing a radio transmitter. Zweigert had a Spanish Falange membership certificate bearing a notation that Falange members should furnish him complete cooperation, which is the first positive evidence that the Falange is assisting German espionage agents in Latin America. Extensive investigations are already under way by SIS representatives in connection with the information obtained from these individuals.

The Spanish Communist Case

Two hundred and fifty-two letters, reports, and Communist manifestoes, relating to Spanish Communist intelligence, have been transmitted between Havana, Cuba, Buenos Aires, Argentina, Mexico City, and Dolores Ibarruri in Moscow, Benegno Rodriguez in London, or Jack Strong in New York City. It should be noted that Ibarruri signed the recent manifesto dissolving the Communist Third International. Extensive investigations are under way to ascertain the identities and activities of all of the correspondents who number fifteen in the Western Hemisphere.

Rosendo Almozara Case

Almozara was arrested by Argentine authorities at Buenos Aires when he disembarked from a Spanish boat from Europe. The naval authorities are handling the investigation, but through confidential sources, our SIS

representatives ascertained he had in his possession large sums of money, including United States one hundred dollar bills, microfilm, and secret ink. He had considerable evidence concerning German agents in the United States. The SIS representatives are obtaining through the confidential sources the material in his possession upon which investigations will be initiated. S U

[redacted] S U

[redacted] Buenos Aires, was confidentially contacted prior to his recent departure [redacted]. He had been under investigation as a German espionage agent in connection with [redacted] in Buenos Aires who is a known German agent. [redacted] furnished considerable information relating to clandestine radios in Buenos Aires upon which investigations have been predicated. [redacted] indicated his willingness to serve as a double agent and to communicate with us [redacted] by radio, and arrangements have been made to meet him in [redacted] where he will be completely interviewed. He has already furnished information relating to German espionage in South America which has been confirmed in part, and investigations are progressing. S U

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The Willy Felix Secret Writing Case S U

Investigations by the SIS have established that one Angelo Pozzi was a suspect in connection with a secret writing letter signed "Willy Felix" sent to Europe from Rio de Janeiro. After SIS representatives obtained a specimen of his handwriting, comparison in the Laboratory established that he was identical with the writer of the secret letter. Pozzi proceeded to Buenos Aires and attempted to [redacted]. Investigations are actively being carried on by the SIS, and we have an informant in Santiago, Chile, who has been recruited by Luis Bonassi, a connection of Pozzi and believed head of Italian espionage in Argentina, to assist in the establishment of an Italian espionage organization for Chile. Our informant has been sent to Buenos Aires as a double agent to confer with Bonassi, and coverage is being maintained by the SIS representatives. S U

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The P. P. Case S U

Investigations are presently being made in Argentina in connection with a series of letters sent to Italy containing data regarding the United States war efforts obviously obtained from newspapers signed "P.P." SIS representatives have established that the writer is Pierro Porro, an Italian businessman, and it has developed that Porro is in contact with other Italian agents. It has recently developed that Porro uses couriers on ships to transmit information, and complete coverage of his activities is being maintained by the SIS. S U

The Doll Case S U

This case originated when letters were intercepted going to a drop address in Buenos Aires from the United States signed by various S U

individuals containing open code conveying national defense information. The person receiving the letters was identified by the SIS as Ines Lopez de Molinari, who, although an Argentinean, is closely associated with Japnese interests. Through contacts with a postman in Buenos Aires and other sources, coverage is being maintained on Molinari to secure any other letters and the complete data on her activities. Nearly all of the letters speak of the writer's interest in dolls, and it was discovered in the United States that the person whose name was signed to the letters knew nothing about them. X U

The EFE Case X U

An espionage ring, centered in Buenos Aires with representatives in Argentina, Brazil, Colombia, and Cuba, utilizes the Spanish news agency, EFE, as well as the German news agencies, to transmit espionage data to Germany. The ring involves thirty individuals who are under observation by SIS representatives. The investigation of the case also involves the smuggling ring of German nationals in South America who are forwarding strategic war materials to Germany be means of Spanish and Portuguese ships. Several Spanish diplomats are under observation as members of the ring. The investigation presently is pointed toward locating a clandestine radio allegedly used by this group in Buenos Aires. There is a possible connection with the Spanip Case in the United States which is being carefully considered in the investigations by the SIS. X U

The Alfageme Case X U

Alfageme, a Spaniard in Buenos Aires, is being investigated as a German agent in charge of a ring smuggling strategic war materials to Europe on Spanish vessels. He is working for the German Embassy and is in contact with forty other individuals in Buenos Aires and Uruguay and on board ships, all of whom are under investigation by SIS representatives. He works in close cooperation with the German drug, banking and manufacturing houses in Argentina, necessitating additional coverage by the SIS. X U

Luis Morales Serrano X U

Serrano, another agent taken off a boat in Trinidad as an enemy espionage agent, is using the cover of a Spanish Republican refugee. The information obtained is a basis for investigations in Mexico and Buenos Aires to connect the known contacts of Serrano with the German espionage. X U

The Italian Drop Box Case X U

The basis for an Italian espionage ring is two drop boxes, one in Santiago, Chile, and one in Buenos Aires. The holders of these boxes have been identified and their activities have been covered. Coverage is being maintained on the boxes in an effort to completely uncover the ring. The individual in Chile has been contacted by a Spanish diplomatic courier. X U

The Paticon Case X U

The questioning of Paticon by SIS representatives, after he was X U

seized in Trinidad as a German espionage agent, produced a confession and revealed a widespread German espionage ring operating in five Latin American countries. Investigations of the individuals in the ring have been instituted, particularly four individuals in four different countries to whom Baticon was to deliver microfilm instructions from Germany. S U

Oppenheimer Radio Case S U

Gaston Horst Oppenheimer, a resident of Rosario, Argentina, is being vigorously investigated as it is known he, in the past, had arrangements for obtaining information pertaining to arrivals and departures of Allied vessels and SIS representatives discovered a large radio aerial at his home and a high electrical consumption by him. Coverage is also maintained on his chief assistant, Carlos Brennecke, a Nazi leader, and numerous contacts are being investigated. S U

The Thilo Martens Case S U

Thilo Martens, a German businessman in Buenos Aires running a small shipping agency, was officially appointed by the German Government to look after the interests of the Graf Spee sailors interned in Argentina. Martens is actually an Abwehr agent, both for Division One and Two. He was actively connected with a sabotage case in Rio de Janeiro in July, 1942, and has connections in Santiago, Chile, and Montevideo, Uruguay. His office is a center for German espionage and it is necessary for the SIS to maintain coverage not only on him but on a large number of other individuals, particularly in view of his connection with sabotage. S U

The Horsehair Sabotage Case S U

In a shipment of horsehair received from Argentina by Morris D. Nelson, importer in New York, there were contained foreign substances designed to damage machines used for cutting the horsehair. The horsehair was delivered to a factory making brushes for the United States Army. In the bundles of horsehair there were sand and lengths of metal-covered cable which ruined the cutting edges on the machinery cutting the horsehair to the proper lengths of brushes. S U

Intensive investigation is being made in Buenos Aires inasmuch as this may be clever sabotage on the part of Axis agents. S U

In the office of the Legal Attache, American Embassy, Buenos Aires, Argentina, there is maintained a general file for all intelligence matters received and handled by the SIS representatives, the Embassy, and the various attaches, military, naval and commercial. This is known as the Central Information Office. This file or office is under the supervision of the Bureau's Legal Attache and is operated by Bureau clerical employees. They are assisted by four State Department employees. The immediate responsibility for the operation of the filing system rests with the Bureau's Chief Clerk at Buenos Aires. S U

Contributors to the C.I.O. reference file are the Military, Naval, and Commercial Attaches, and the Embassy, as well as the SIS representatives. It is estimated that 80 per cent of the material contributed from this file is from the offices of the Legal Attache. S U

The Central Information File is used as a general reference file for intelligence matters for all Embassy agencies. In addition, separate case files are maintained and the office of the Legal Attache undertakes the investigation of all matters properly within its jurisdiction. S U

All cases maintained in the Central Information Office file are available to all sections of the Embassy, including the Military and Naval Attaches. S U

A monograph entitled "Argentina Today" was published in June, 1943. This monograph has 600 pages, a well set up table of contents, and an index of over 5,000 names. There are also forty-one illustrations throughout the monograph, consisting of maps, diagrams, and statistical charts. The monograph specifically depicts the Axis organizations and operations and all connections that have been discovered between Axis firms and the subversive activities. It reflects in an organized form all pertinent information regarding subversive activities in Argentina. It was furnished to all governmental agencies having an interest in it, including the office of the president. S U

BERMUDA S U

At the present time there is assigned to Bermuda one SIS representative in the capacity of liaison representative of the Bureau. This liaison assignment has resulted in closer cooperation between the Bureau and British representatives in Bermuda. This SIS representative has been giving particular attention to censorship activities, and his familiarity with subjects of Bureau investigations provides an opportunity for closer coverage of communications of interest which may be intercepted in Bermuda. Information obtained from this source is immediately transmitted to the Bureau for appropriate action. Investigation in the Cleg Case was materially advanced when the SIS representative personally intercepted a west-bound dot message to Mexico. Other important secret messages have also been detected by him. S U

BOLIVIA S U

During the past fiscal year, FBI personnel assigned to Bolivia has been increased to such a degree that coverage appears to be assured in all phases of investigative activity and in all cities of importance within the country. At the beginning of the fiscal year there were only two agents assigned to the Embassy in La Paz as Legal Attaches and three as undercover operators in the country, whereas at the present time there are seven FBI agents attached to the Embassy, three plant protection technicians attached to the Bolivian Government but operating from the Legal Attache's Office S U

and three FBI clerks. In the Consulate at Cochabamba there are two FBI agents assigned as Assistants to the Consul and one clerk. Undercover coverage has also been materially increased to such an extent that by maintaining several agents in constant travel status throughout the country an adequate and complete picture is obtained of Axis activities of a subversive nature as well as political, economic, social, and other information pertinent to the war effort. S U

Informant coverage has been so increased that FBI representatives in Bolivia have developed and are using forty-eight confidential informants and 10% contacts throughout the fields of government, police, Free-Allied organizations, private business, the various nationalistic political parties, some of which are accused of being totalitarian in tendencies, the Nazi Party, the Italian Fascist Party, and the Spanish Falange. S U

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A very satisfactory liaison has been established with the [redacted] and with the Departmental and Municipal Police Departments in La Paz, Oruro, Potosi and Cochabamba, which make it possible for FBI representatives to obtain any and all information from police files, desirable data regarding movements of Axis nationals, and related information. S U

Following the increase of personnel assigned to the Legal Attache's office in the Embassy at La Paz, it became possible to institute a complete reorganization of the filing system; consequently, the files of the Legal Attache's office are now set up on the basis of the system utilized at the Seat of Government, and a complete card index is maintained regarding all names reported to or investigated by the office. The Legal Attache's office has also been encharged with coordinating all intelligence information received in the Embassy and receives such information from the Military Attache, the Embassy and any other governmental agency which comes in the possession of such information. This information is recorded on 8" x 10" cards which are filed alphabetically, and this file constitutes a central intelligence file on all names which come to the attention of the United States Government agencies and is, of course, available to designated representatives of each governmental department in the Embassy. S U

On the basis of a review of information contained in the central intelligence file set up by the FBI Attaches in La Paz, a representative of the Enemy Alien Control Unit with the Department of Justice determined that there existed sufficient information regarding 152 Axis nationals to warrant their internment in the United States in the event it became possible to obtain their expulsion from Bolivia. Through contacts with police officials and [redacted] Ministry of Government, the office of the Legal Attache has obtained full assurance of unstinted cooperation in connection with a deportation program, and it is considered probable that a comprehensive project of this type be carried out in the future in the event President Enrique Penaranda and certain of his Ministers can be persuaded by the Ambassador to approve the project. S U

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While certain technical and political difficulties were encountered in bringing about the installation of an FBI radio transmitting and receiving S U

set into the Embassy in La Paz, and for a time it appeared that it would be necessary to install the equipment in the home of the Legal Attache, rental of a new building which will be completely occupied by the Embassy and the attached United States Government agencies has largely obviated these difficulties. The radio equipment has now arrived in La Paz and it is expected that it will be installed and in operation within a very short time. &

A comprehensive survey of installations and facilities in Bolivia producing strategic war materials has been completed during the past year by the three FBI plant protection technicians who were attached to the Bolivian Government in an advisory capacity. This commission completed surveys and prepared detailed reports and letters of recommendation regarding all important mines in the entire country, as well as their adjunct power and transportation facilities. Subsequent to delivering the letters recommending protection measures, members of the mines recontacted their respective managers and revisited the areas involved in order to determine the manner in which recommendations were being placed in effect and in order to be of possible assistance to the management in carrying out these recommendations. &

During the course of the year FBI representatives were largely responsible for the arrest, expulsion from Bolivia and internment within the United States of Dr. Hans Werner Kempski, Nazi propaganda agent who had entered Bolivia as an expert on tropical diseases and had dedicated himself to Nazi organizational and propaganda activities in the country. &

Within recent months the FBI representative in Bolivia furnished information to the National Police Director which caused him to order the arrest and detainment of Otto Vogt von Siekengen, who has been the subject of a Bureau investigation in the United States. He was expelled from Brazil because of his Nazi propaganda activities and on the suspicion that he was furnishing supplies to German submarines at the mouth of the Amazon and had been in relative seclusion in the interior of Bolivia for almost two years. Von Siekengen is presently incarcerated in La Paz and arrangements are being made to affect his expulsion from the country as quickly as possible; however, it is hoped that a more comprehensive deportation program may be effected so as to include a number of prominent Nazis other than Von Siekengen. &

Of great concern to the Bolivian Government and consequently to our own government have been the frequent rumors and reports to the effect that Major Elias Belmonte Pabon, former Bolivian Military Attache to Germany and the alleged author of the famous "Belmonte Letter" to the ex-German Minister to Bolivia, Ernest Wendler, conspiring to overthrow the government, and set up a Nazi regime in Bolivia, was planning to return to Bolivia from Europe for the purpose of organizing a revolution against the government of General Enrique Penaranda, which is extremely pro-United States and pro-Ally. &

The office of the Legal Attache in Bolivia investigated these rumors in collaboration with the Legal Attache's office in Buenos Aires, Argentina, and it was satisfactorily determined that Belmonte had not travelled to the American continent and was necessarily in Europe at the time he was reported to be in Buenos Aires, Argentina. Subsequent reports from Lisbon have confirmed this information. &

BRAZIL

During the past year SIS personnel in Brazil has increased from twelve to fifty-one. As of July 1, 1942, there were two agents assigned to the American Embassy in Rio de Janeiro and ten men were serving in an undercover capacity in the country whereas at the present time nineteen representatives are assigned to the Embassy and various Consulates and twenty-four agents are working under cover. In addition two radio operators and six clerical employees are assigned to the Embassy at Rio.

Since July 1, 1942, SIS representatives have been placed in every one of the thirteen American Consulates in Brazil which are located in the following cities: Belem, Belle Horizonte, Corumba, Curitiba, Fortaleza, Manaos, Natal, Porto Alegre, Recife, Santos, Sao Paulo, and Victoria. Most of these Consulates are situated along the eastern sea coast of Brazil, which is the most strategic section of the country insofar as intelligence activities are concerned. Manaos, however, is approximately 1,000 miles from the mouth of the Amazon River in the interior of Brazil and Corumba is located on the western border near the neighboring countries of Bolivia and Paraguay.

A number of the undercover agents in Brazil have covers which are particularly adapted to travel and this enables them to conduct investigations and secure and develop information of interest to the Bureau in the most inaccessible regions. The increase in the number of agents assigned to Brazil has resulted in a corresponding increase in direct coverage of intelligence activities and the development of confidential informants and sources of information. Numerous contacts have been made with local police departments, governmental bureaus and agencies, private individuals, and employees of commercial and industrial organizations through which confidential records and information of interest and value to the Bureau are made available.

In practically all of the areas in which SIS representatives are operating satisfactory liaison has been established with the police departments, and these law enforcement agencies are cooperating to a high degree in the reporting of information and the conducting of requested investigation and surveillances. The Rio de Janeiro and Sao Paulo Police Departments have requested the Bureau to have Bureau agents work in collaboration with their respective organizations and recently arrangements were completed to assign an agent to these law enforcement agencies. These men will work with the Rio and Sao Paulo Police Departments and they will engage in police liaison activities.

A 285 page monograph entitled "Totalitarian Activities Brazil Today" was compiled from information appearing in the Bureau files and records and it was published in December, 1942. Copies of this publication were distributed to the President, numerous governmental agencies, and the British Intelligence authorities, and it was very favorably received.

In July, 1942, a Bureau operated radio transmitting station was installed in Rio de Janeiro. The installation of this equipment has enabled

the Bureau to maintain daily contact with and to closely supervise and direct the activities of the Rio office. Messages can now be transmitted by radio between Washington and Rio much more expeditiously and safely than by cable, the method of transmission which was previously utilized. This system of radio communication has been of great assistance in the handling of intelligence activities as it permits the Bureau to keep in close contact with all important events and developments that occur in Brazil. Radio receiving and monitoring equipment which is also under the supervision of the Federal Bureau of Investigation has been used to monitor radio transmitting stations which are suspected of operating in a clandestine manner. An agent has been in Rio de Janeiro and Sao Paulo, Brazil, on special assignment since February, 1942, where he has been collaborating with the Rio de Janeiro and Sao Paulo Police Departments and British Intelligence in questioning and obtaining statements from subjects of the German clandestine radio station case. Approximately thirty of these individuals have already been tried and sentenced and some seventy have been apprehended and are presently awaiting trial. The information which lead to the apprehension of these subjects was developed and submitted to Brazilian authorities by SIS representatives. X U

An important development resulting from the work of SIS relates to the prosecution of Nazi spies under Brazilian law. The activity of the German espionage agents took place when Brazil was not at war and there was no Brazilian law in effect under which they could be prosecuted. Moreover the Brazilian constitution included an article expressly prohibiting the enactment of retroactive laws. Immediately after these arrests the Berlin radio began to attack Brazil in its broadcasts and to threaten reprisals. These threats ultimately were carried out by the sinking of five Brazilian ships by German submarines, news of which was made public by the Brazilian Government on August 18, 1942. On August 22, 1942, a state of war was declared to exist. The Government's first step after the declaration of war was to revoke the article referred to above, and its second was to publish a decree on October 1, 1942, designating crimes and offenses against the national security. The decree was made retroactive to the severance of relations with Germany, Italy, and Japan. Under this decree convictions have been obtained and sentences passed on a number of the members of the espionage group. Twenty-six convictions have been obtained and sixty-four persons are under indictment awaiting trial. X U

CHILE X U

At the beginning of the 1942-43 fiscal year there were thirteen agents, two special employees, and one stenographer assigned to duty in the Republic of Chile. There are now thirty-eight agents, eleven clerical employees, three radio operators, and one translator in that country as well as a special employee who travels exclusively in Southern Chile. Bureau representatives have been placed in all American Consulates of Chile from Arica in the northern most part to Punta Arenas in the extreme south. This arrangement has allowed much more extensive and expeditious coverage of Chile's 2,900 miles of coastline with its varying climates and geographical peculiarities. X U

The increased personnel in Chile has necessitated an expansion in space from two offices and a code room in Santiago during 1942 to ten offices, including a modern photographic laboratory, a radio room, and quarters for the Embassy Coordination Office at the present time. SIS personnel in the American Consulate at Valparaiso utilize six offices, including a well equipped photographic dark room while representatives at the other Consular offices are assigned varying amounts of space as necessary in their work. &U

In April of 1943, the SIS Legal Attache in Chile was given complete control over the Embassy Coordination Office (ECO), thus making his office the central clearance unit for all intelligence information received at the American Embassy. This has greatly increased the work and responsibility of the SIS in Chile but has made possible a greater correlation of activity among the American Intelligence agencies operating there. &U

During the current year arrangements were perfected for complete coverage of all major hotels, transportation agencies, and mail and cable facilities throughout Chile. This has resulted in the ability to ascertain and observe more accurately the activities of Axis suspects in that country. Through close liaison with the Chilean Investigaciones or Local Police and the Carabineros or Military Police, the results of their investigations are made currently available to the Bureau. Efforts are now being made through these organizations to control all international travel via Trans-Andean passes inasmuch as it has been established that little used and loosely controlled passes have been used by German espionage suspects to travel between Chile and Peru and Argentina without being observed. These agencies have been of material assistance in the conducting of surveillances and in exercising duties for which agents could not well be utilized. In addition, they have furnished identifying data concerning important suspects from applications for official carnets which are necessary for any individual residing in that country. Through the International Police of Chile which is in charge of frontier and port matters, information is readily available regarding shipping, passenger and crew lists, and travel activities of important suspects. &U

Informant coverage has been extended among the leading figures in the anti-Axis groups such as the Fighting French, the Free Germans, etc. For several months the Spanish Republican organization has furnished complete information regarding the activities of the Spanish Consulate in Valparaiso and to a lesser extent in the Spanish Embassy in Santiago. Valuable information regarding the movement of Axis funds has been made available through contacts in banking circles. Reliable sources close to the Japanese, German, and Italian Embassies have continued to be effective since the break in relations between Chile and the Axis on January 20, 1943, inasmuch as these groups have remained active in Chile even after officially closed. Through these sources much detailed information regarding the activities and membership of the NSDAP in Chile has been developed. &U

This k owledge of Axis activities in Chile was furnished to Chilean authorities through diplomatic channels when that country severed relations with the Axis on January 20, 1943, and was of assistance in securing decrees &U

relegating some 242 Axis nationals to enforced residence in non-strategic areas. Shortly thereafter a list of emergency zones was established in Chile into which areas Axis nationals were not permitted to travel without express authority. Information is now being furnished the Chilean Government regarding a large number of persons who have requested repatriation to Germany, Italy, and Japan. S U

In March of 1943, a monograph of 315 pages was issued reflecting information extracted from the files of the SIS Division regarding totalitarian activities in the Republic of Chile. The monograph was distributed to the President and interested governmental agencies which have reported that it has been of considerable value to them. S U

On June 30, 1942, a comprehensive memorandum regarding German espionage activities centering around the clandestine German radio station PYL in Valparaiso, Chile, was presented to Chilean officials through diplomatic channels. As a result of this memorandum the Chilean Government arrested the principal members of this group on October 23, 1942, and is presently conducting investigations toward the location of two fugitive members of that group. Others have been interned in the smaller towns in Chile. Through their communications with headquarters in Germany by means of radio station PYL the identities of the members of the German sabotage ring headquartered in Santiago, Chile, were established and the leaders apprehended. Two members of this ring continue under observation of the SIS in Colombia and extensive coverage is being maintained to detect the possible entry of another recently trained group of saboteurs from Germany into Latin America. Countess Freda Douglas, wife of the German agent Archibald Albrecht Douglas, is presently under observation in Chile and Argentine inasmuch as she utilized the facilities of station PYL for communicating with Germany and has been established as the author of several anonymous letters taken from German agents proceeding to Hungary. It is believed that considerable valuable information may be obtained from her. S U

One of the most important investigations presently being conducted in Chile involves the most complete Japanese espionage ring ever to be uncovered by the Bureau. Their members use Japanese diplomatic codes and Spanish names and addresses and are active in several Latin American countries, including Chile. Intensive investigation is also being conducted regarding the Chilean aspects of the German espionage ring of George Nicolaus in Mexico which has forwarded information to Germany by means of microscopic dots. Several individuals are under observation in connection with the transmission of espionage information to a number of related drop boxes in Spain intended ultimately for Germany. The smuggling of strategic metals, diamonds, etc. from Buenos Aires, Argentina, to the Axis is receiving attention inasmuch as much of this material has originated in Chile. S U

Excellent information has been developed in Chile concerning the smuggling of platinum from New York to Germany via Colombia and Chile and certain principals in this case are presently facing Federal prosecution in New York, principally on the basis of the evidence obtained in South America. S U

In a case involving secret writing letters from Brazil to Europe by Angelo Possi, an informant of the SIS in Chile has been approached by Luis Bonassi, alleged leader of Italian espionage in Argentina and contact of Possi, for the purpose of assisting in the establishment of an Italian espionage organization in Chile. Constant coverage is being maintained by our representative regarding this effort. An additional informant of our Chilean representative has been recruited by the officials of the German Embassy to enter the United States as a double agent and supply espionage information to Germany. The informant has revealed these plans to the SIS and arrangements are being made to continue his contacts with the German officials. S U

Anna Bradenkamp Hellemann, together with her husband and several other individuals in Chile, is engaged in gathering information for the German Espionage Service. She receives code messages in Santiago from other points in Chile and obtains United States publications through drop boxes. She formerly communicated through the German Embassy and investigations are pointed to discovering her present means of communication to Germany. The holder of a drop box in Chile connected with an Italian espionage ring also operating in Buenos Aires, Argentina, has been identified and coverage is being maintained in an effort to completely uncover the ring. The individual in Chile has been recently contacted by Spanish diplomatic courier. S U

Another matter of considerable importance is the investigation of the Chilean contacts of Thilo Martens, a German Abwehr agent operating as a businessman in Argentina, who was involved in a case of sabotage in Brazil in July, 1942. In view of his connection with sabotage, together with the fact that his office is the center for German espionage, close coverage must be maintained over his frequent contacts. S U

COLOMBIA S U

The past fiscal year as regards the Republic of Colombia has seen a rapid growth in SIS operations and a considerable augmentation of personnel with the result that a highly effective organization obtaining coverage on all phases of intelligence activity has been established. Within the past year, SIS representatives have been placed in all the American Consulates in Colombia, namely, Barranquilla, Bucaramanga, Medellin, Cali and Cartagena. These representatives have the title of Assistants to the Consul. Likewise the number of agents operating at the American Embassy at Bogota as Legal Attache and Assistant Legal Attaches has been materially increased. There has also been an increase in the number of undercover representatives. By virture of its Embassy and Consular representation, SIS operation has taken on a facility for investigative activity not entirely enjoyed during the previous year. At the present time, there are stationed in Colombia nineteen Special Agents, eleven of whom are assigned either to the American Embassy or the various Consulates, and eight are stationed in Colombia as undercover representatives. The remaining personnel consists of six clerks and two radio operators. S U

During the past year, an excellent liaison has been developed with the Colombian National Police and the various local police agencies. Recently at the request of the Colombian Government, arrangements were concluded for the assignment of two Bureau Agents to function as Instructors for a period of one year with the Colombian National Police. One Agent has already been sent on this assignment, from which it is hoped to further enlarge upon the liaison with the Colombian Police officials and to develop a better and more complete spirit of cooperation between SIS representatives and the police throughout Colombia. S U

The informant coverage in Colombia has been enlarged to the point where the most discreet and difficult types of investigative activity and technique can be utilized. Many anti-Nazi organizations and free groups have been utilized to a great advantage by SIS representatives in the obtaining of intelligence information. The coverage presently enjoyed in Colombia is of an excellent nature and the Bureau has been most satisfactorily informed on all types of intelligence activity. S U

A number of important espionage cases have been developed within the past year and in several instances the activity of SIS representatives has been instrumental in bringing these cases to a satisfactory culmination. Within the past few months the Colombian Government has taken action against three known espionage agents and although this action on the part of the Colombian Government has not been all that was to be desired, it did eventually result in placing two of these agents in our hands. S U

The Heriberto Schwartau Eskildsen Case S U

The principal case involved Heriberto Schwartau Eskildsen, Nazi trained espionage agent who operated not only in Colombia but also in Brazil, Venezuela, Argentina, Chile and Ecuador. Through SIS representatives, the Bureau was aware of Schwartau's identity as Enrique who was frequently mentioned in connection with PYL, the clandestine radio station operating in Valparaiso, Chile, for the better part of one year. Late in 1942 the information developed concerning Schwartau was furnished the Colombian Government which caused his apprehension. After a lapse of several months, the Colombian Government decided to turn Schwartau over to United States authorities and he is presently in custody in the United States. The hesitant action on the part of the Colombian Government in turning Schwartau over to the United States was due primarily to the alleged dual citizenship of Schwartau, who, although born in Colombia, travelled on both German and Colombian passports. It was also due to some extent to the international situation inasmuch as Colombia has not declared war and some of the Colombian diplomats stationed in Europe were still in Europe and more or less at the "mercy of the Germans." The investigation of Schwartau by SIS representatives which reached a number of countries in all parts of the world disproved Schwartau's contention that he was a Colombian citizen. S U

The Max Vogel Case S U

Max Vogel, a German national who resided in Colombia, was found S U

through SIS operations to be an intermediary for espionage information coming from George Nicolaus, chief espionage agent in Mexico. Vogel was taken into custody by the Colombian Police and later on the Colombian authorities agreed to turn him over to the United States. He may possibly be prosecuted on an espionage conspiracy charge and in any event he will make an excellent witness at the espionage trial of subjects connnected with the Clog Case. (S) (U)

The Hans Joachim Harders Case (S) (U)

Hans Joachim Harders, a naturalized Colombian citizen, has also been identified by SIS representatives as a Nazi espionage agent operating in Colombia. He was taken into custody by the Colombian Police but was subsequently released because of his Colombian citizenship. His case has been given preferred attention and efforts are being made to bring the Harders Case to a conclusion satisfactory to the United States. (S) (U)

The Hermann Heinrich Rullhusen Case (S) (U)

Another important espionage case involves Hermann Heinrich Rullhusen. The investigation of Rullhusen was predicated on the interception of anonymous secret writing communications to Germany from Colombia and led to the identification of the writer as Rullhusen. He is presently located on an isolated farm outside Bogota, Colombia, where he is being kept under a close surveillance. The investigation of Rullhusen developed information on Ludwig Bischoff, Fresno, California, who received $50,000 from the same individual who recruited Rullhusen for the Germans and who has acted as an intermediary for mail from Rullhusen to a German box in Lisbon, Portugal. The investigation has further developed that Rullhusen operated a radio transmitter in Colombia although at the present time he has abandoned use of the transmitter which he has placed in the hands of a friend not yet identified. (S) (U)

The Walter Stubbs Case (S) (U)

Another very important espionage case very recently initiated by SIS representatives in Colombia involved Walter Stubbs. Stubbs has been positively identified as an important link in the German espionage system. One of his brothers is head of a German espionage recruiting system in Spain and another brother allegedly handles financial matters in connection with espionage recruiting. A third brother is also in Colombia. Stubbs is continuously under surveillance by SIS representatives and his communications are being covered. The investigation is proceeding with the idea of identifying his various contacts in view of his important position in the German espionage system. (S) (U)

The Theodor C. Barth Case (S) (U)

It should also be noted that during the past year SIS representatives have actively investigated many cases involving the smuggling of platinum from Colombia. Inasmuch as Colombia is the world's second largest producer of platinum, a large contraband traffic of platinum is in existence and (S) (U)

Axis agents have been active in procuring this strategic mineral for the use of the Axis war machines. Theodor E. Barth, a German national residing in Colombia, was the chief buyer of this platinum prior to the time Colombia broke off diplomatic relations. Barth is still reliably reported to be engaged in contraband platinum buying and at present widespread investigations are being conducted to establish his clandestine activities in regard to smuggling. Recent developments have connected Barth with Dr. Ferdinand Kertess of New York who was recently convicted for violation of the Neutrality Laws. The investigation of Barth has developed considerable information of value to assist in the successful prosecution of Kertess in the United States. (S) (U)

SIS representatives have, during the past fiscal year, actively investigated innumerable cases involving violations of the United States Proclaimed List of Certain Blocked Nationals as well as propaganda and subversive activities. Through the American Embassy this information has been given to the Colombia officials for appropriate action with the result that the more dangerous Nazis have been removed from the coastal areas of Colombia where they will be in a less favorable position to do harm to the Allied War effort. SIS representatives have maintained a high standard of work in Colombia, and relations with the Colombian officials and with the various American and Allied intelligence agencies have been of a high type. The accomplishments and operations of the SIS in Colombia have been a creditable addition to the Bureau's work. (S) (U)

COSTA RICA (S) (U)

SIS coverage in Costa Rica has increased tremendously during the past year and now consists of the following: Three attaches in the Embassy at San Jose; one attache each in the Consulates at Limon and Puntarenas; three representatives who operate under cover; two radio operators; and a stenographer and a clerk attached to the Embassy in San Jose. (S) (U)

The five attaches and the three undercover representatives have all obtained and developed their own sources of information, contacts, and confidential informants with the result that excellent and comprehensive coverage has been established for information of all types. (S) (U)

Undoubtedly, information originally furnished by SIS representatives has been of considerable importance in the deportations of Axis nationals during the past year and the operation (deletions and additions) of the United States Proclaimed List of Certain Blocked Nationals. (S) (U)

The office of the Legal Attache, through its contacts with the local Consulates and the various air lines operating in Costa Rica to the United States, obtains information as to all travellers to the United States, and such information is transmitted to the Bureau. This permits the Bureau or other agencies to interview and question anyone arriving in the United States, if such is necessary. (S) (U)

Bureau representatives are provided with all censorship material on mail, cable, and radio traffic entering or leaving the Republic, and they have access to the results of monitoring of the radio telephone messages to and from Costa Rica. (U)

The office of the Legal Attache also is in a position to place mail covers on any given subject or address. This is in addition, of course, to the censorship material referred to above. (U)

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One source of information is able to advise concerning activities in the [redacted]. This is of extreme importance concerning political, economic, and financial considerations. (U)

Very cordial relations are maintained by SI personnel with other United States Government agencies and there is close cooperation between the offices of the Legal, Military, and Assistant Naval Attaches. The office of the Legal Attache acts as the coordinator of all information emanating from intelligence agencies in the American Embassy. In addition, the office of the Legal Attache has access to the records and cooperates closely with the District Intelligence Officer, Fifteenth Naval District (located in Panama). (U)

Close cooperation is also had with the legal representative of the British Intelligence, and he has been instrumental in furnishing the office of the Legal Attache many valuable leads. (U)

Through its contacts with the employees of the Department of Public Security, the office of the Legal Attache has access to the files and records compiled by the Costa Rican Government. In this connection, SI representatives have been able to obtain and furnish photographic copies of practically all cedulas of foreigners residing in Costa Rica. (U)

There has recently been established a radio transmitting and receiving set in the Embassy in San Jose which is used to furnish and receive information directly to and from the Bureau in lieu of cablegram and radiogram messages heretofore used. (U)

One of the works of the office of the Legal Attache is to compile a complete card index on all persons entering or leaving Costa Rica via airplane. As a result of this work, the office of the Legal Attache is in a position to ascertain the possibilities of persons, who travel extensively, being engaged as couriers. (U)

CUBA

Investigations within the Bureau frequently require coverage in Cuba in view of the proximity of the island to the United States, and for this reason SIS representatives in Cuba are frequently assigned matters to be handled as a part of SIS operations in Cuba.

SIS representatives in Cuba enjoy a close relationship with the Cuban National Police and other departments of the Cuban Government, thereby facilitating greatly the work of the Bureau in that country. During the past year one SIS representative has been awarded a formal decoration by the Cuban Government for meritorious activities on the part of this Special Agent in connection with his contacts with the Cuban Government.

SIS Personnel in Cuba

As of June, 1943, a total of twenty-nine SIS employees are assigned to Cuba. Of this number, nineteen Bureau representatives are engaged in investigative work, and ten employees are assigned to clerical, stenographic, and similar duties.

A Bureau Legal Attache and eleven other SIS representatives are assigned to the American Embassy at Havana, Cuba. Five SIS representatives, including one Special Employee, are assigned to Cuba in an undercover investigative capacity.

One SIS representative is assigned as Assistant to the American Consul at Santiago de Cuba, Cuba, and there is an SIS representative serving as Assistant to the American Consul at Camaguey, Cuba.

Radio Communication with Havana

The installation of a Bureau radio was commenced on September 7, 1942, in Havana, Cuba, by SIS employees, and the first contact was made with the Bureau station in Washington, D. C., on September 23, 1942. The Bureau radio in Havana is in daily contact with FBI headquarters on a regular schedule and is available twenty-four hours a day for the purpose of making emergency contacts.

With the installation of the Bureau radio in Havana, there has resulted more immediate and closer supervision of the important SIS operations in Cuba.

Jose Francisco Javier Pacheco y Cuesta &U

This individual was born at Havana, Cuba, in 1902, the son of a cigar maker. After working in his father's cigar factory for a time, Pacheco entered the theatrical profession and took up dancing as his life's work. Pacheco and his dancing partner fulfilled a number of professional dancing engagements in Europe until March, 1942, at which time Pacheco was placed in an internment camp in Belgium. Upon his release from the internment camp, Pacheco went to Belgium where he was recruited by the Germans to serve as a German espionage agent in Cuba. Following a period of instruction in espionage technique, Pacheco departed for Cuba from Vigo, Spain, on February 19, 1943, but was taken off the boat by Security Officers at Trinidad, British West Indies. When subsequently interviewed at length by SIS representatives, Pacheco not only admitted his intention to perform espionage activities but gave complete and valuable information concerning the German method of recruiting and training espionage agents for the Western Hemisphere, and furnished SIS representatives with information of value concerning the activities of enemy espionage agents in the Western Hemisphere. &U

Apprehension and Execution of Heins August Luning &U

Heins August Luning, a German national, attended an espionage school in Hamburg, Germany, in 1941, at which time he studied methods of construction and operation of a radio transmitter and obtained information as to the use of secret inks. Luning was sent to Cuba by the German high command traveling on a false Honduran passport. Luning arrived in Havana, Cuba, on September 29, 1941, and thereafter became engaged in espionage activities until his arrest by the Cuban police on August 31, 1942, after intensive investigation by SIS representatives. Luning was brought to trial by the Cuban Government on a charge of espionage, was sentenced to death, and was executed on November 10, 1942, thus earning the dubious distinction of being the first Axis espionage agent to be executed in the Western Hemisphere during the current war. &U

The Spanish Communist Case &U

There is presently under investigation by SIS representatives a case involving Communist correspondents in the Western Hemisphere who have been transmitting letters, reports, and Communist manifestoes between Havana, Cuba; Buenos Aires, Argentina; Mexico City, Mexico; Moscow, Russia; London, England; and New York City. The center of operations appears to be Havana, Cuba, with sub-centers in Buenos Aires and Mexico City, and the subjects of the investigation are known to have contacts in the United States, England, and Russia. The activities of this group of individuals consist of a system of reporting in the Western Hemisphere, the subject matter of the reports being general conditions in Spain. &U

A number of manifestoes from the Central Committee of the Communist Party of Spain have been sent from Havana, Cuba, and from Mexico to a contact in New York City, and also to an address in Switzerland. S U

The reports emanating from Havana, Cuba, appear to be based on interviews with individuals who have recently arrived in Cuba from Spain. The interviews apparently follow a set pattern and inquiries made are usually concerned with the economic conditions in Spain, the political situation, the Spain Blue Legion, the movement of food from Spain to the Axis Powers, the presence of Germans in Spain, war production destined to Germany from Spain, opposition to Franco in Spain, and the existence of any organized underground movements in that country. S U

Linked with the center of operations in Havana, Cuba, is a sub-center of Spanish Communists reporting in Buenos Aires, Argentina, where the information is gathered from news clippings, from travelers arriving from Spain, and from numerous sailors of all political opinions. S U

Also connected with the Havana center of operations is a sub-center located in Mexico where it is believed that Spanish Communist reports are prepared and sent on to various destinations in the forms of manifestoes. It is also indicated that the Mexico sub-center has received complete sets of reports emanating from Havana, Cuba. S U

It has been ascertained that individuals involved in this Spanish Communist system of reporting have been utilizing secret writing methods in their correspondence. SIS representatives are continuing investigations to identify all individuals participating in this activity, and it has been ascertained that a total of 252 letters, reports, and Communist manifestoes relating to conditions in Spain have been transmitted by the individuals involved. S U

The Osawa Japanese Espionage Case S U

George Yukichi Osawa, a United States-born Japanese national, has been imprisoned in Havana, Cuba. Osawa has made admissions to SIS representatives concerning his recruitment by the Japanese Government to work as a Japanese agent in the United States and Latin America, and Osawa has furnished information concerning the trip made to Japan several years ago for the purpose of ascertaining the extent of his duties to be performed on behalf of the Japanese Government. Names of various individuals in the United States and in Latin America have been obtained from Osawa and current investigations are continuing to ascertain the extent of espionage activities being carried on by these individuals. S U

Travelers to the United States from Cuba

SIS representatives in Cuba have perfected an arrangement whereby they are currently informed concerning the departures of individuals for the United States and reports are immediately forwarded to the Bureau in order that appropriate coverage may be arranged in connection with the arrivals of these individuals in the United States.

Alien Enemy Internment Program

The joint Cuba-United States Internment Program, which was inaugurated in November, 1942, has now been practically completed. Apprehensions of dangerous Axis nationals in Cuba have been made by the Cuban Police since February, 1943. The program resulted in the internment of 346 Japanese and 162 non-Japanese, and of the latter group, the overwhelming proportion were German nationals. This program has been carried out upon the basis of information obtained by SIS representatives in Cuba who have made available summaries of information concerning Axis nationals for the use of the American Embassy. It is to be noted that throughout the entire internment program, the SIS representatives have strictly limited their participation to the gathering of information concerning suspected Axis nationals, the information obtained then being turned over to the American Embassy for appropriate presentation to the Cuban Government.

Restrictions on Intelligence Activities in Cuba

Since December 2, 1942, the American Ambassador at Havana, Cuba, has issued various directives which have had as their purpose the restricting of intelligence activities by the investigative agencies represented at the Embassy.

The directives issued by the Ambassador dealt with clearance of intelligence reports through the Embassy, required disclosure of confidential informants, and among other things required clearance through the Ambassador of proposed contacts with the Cuban Government.

With respect to those directives which include the Bureau Legal Attache in their operation and effect, the Ambassador has repeatedly declared to the Bureau Legal Attache and to the Department of State that the directives were designed solely to restrict the subversive activity investigations of the Military and Naval Attaches. The Ambassador based his action in restricting intelligence activities at the Embassy upon various incidents wherein it was shown that the Military and Naval Attaches had employed confidential informants in Cuba who furnished inaccurate and totally unreliable information. On several occasions the Ambassador has praised very highly the work of the Bureau's

SIS representatives in Cuba and the Ambassador has stated that the FBI is the only agency in Cuba in which he has any confidence whatsoever with regard to investigation of subversive activities. In fact, the Ambassador advised the Bureau Legal Attache that he desires to eliminate the Military and Naval Attaches from the field of subversive activity investigations and desires to restrict these agencies in Cuba to investigative activity relating strictly to Military and Naval matters. b7D

Conferences held in Washington, D. C., during May, 1943, between the FBI, ONI, and MID resulted in a decision to suggest that the American Ambassador in Havana withdraw his previous directives requiring disclosure of the identities of confidential informants employed by the various intelligence agencies at the Embassy. A further suggestion was made that the Attaches in all missions and Consulates inaugurate a policy of daily conferences in order to effect closer liaison and freer exchange of information. It is expected that the State Department will notify its various representatives concerning the various functions of the Military, Naval, and FBI representatives in the Embassy and Consulates and a policy will be followed whereby disclosure of confidential informants in the employ of the various Attaches will be made only in emergency situations on request of the Ambassador or Minister. b7D

The above-mentioned directives of the American Ambassador at Havana, Cuba, of course, resulted in no disclosure of the identities of undercover SIS representatives assigned to that country. b7D

DOMINICAN REPUBLIC (U)

Until recently, SIS personnel in the Dominican Republic was limited to the Bureau Legal Attache assigned to the American Embassy at Ciudad Trujillo. At the present time the SIS Division is represented in the Dominican Republic by a Bureau Legal Attache and an Assistant Legal Attache and one undercover representative. There are also assigned to the Embassy a radio operator and a clerk. (U)

A Bureau radio has been installed in Ciudad Trujillo, Dominican Republic, and is being operated by SIS representatives. Regular twice-daily schedules of communication with the Bureau were established on March 9, 1943. (U)

Spanish Activities (U)

SIS representatives in the Dominican Republic are closely following at the present time the activities of numerous Spanish refugees who have taken up temporary residence in the Republic, with a view to ascertaining the extent of Communist activity reportedly being carried on by these individuals. (U)

The activities of the Spanish Minister to the Dominican Republic, Acal y Marin, are being checked by SIS representatives with a view to ascertaining the extent of the Spanish Minister's reported activities in furthering the interests of Franco Spain among Spanish individuals in the Dominican Republic. (U)

Internal Political Trends (U)

Despite the rigid censorship measures imposed by the Government of the Dominican Republic, and despite the apparent interest of the Dominican Government in the activities of Americans in the Republic, informant coverage is being extended by SIS representatives with a view to keeping close check on the political trends within the Dominican Republic. In this connection, numerous reports have been received concerning the alleged pro-Axis leanings of President Trujillo. (U)

German Propaganda Activities (U)

Recently, there have appeared in various places in the Dominican Republic a series of German propaganda bulletins containing pro-Axis and anti-Allied material. (U)

It is believed that with the deportation of some 300 German, Italian and Japanese nationals from this country during last spring, the leading Axis figures and those deemed dangerous to the welfare of the United Nations' war effort were removed. Immediately following the deportations, intensive investigations were continued on those Axis individuals succeeding to the posts left vacant by the departees. As a result of the information developed on these remaining individuals, the Nicaraguan Government ordered and effected the removal of numerous Axis nationals from coastal areas to inland points. Most of these individuals are presently located in the vicinity of Cuenca, where their activities are greatly restricted and where it is believed their presence will be harmless. With the increased population of Axis nationals in Cuenca, more adequate coverage in that area is deemed feasible and at the present time arrangements are being perfected to have an agent assigned to that point, where the movement and activities of these nationals may be more closely watched. &U

One of the most important projects undertaken in the country was the adoption in July, 1942, of the Central Intelligence File at the Embassy. Supervision of the file had been placed entirely in the hands of Bureau personnel and its maintenance and growth since its inception has been a result of Bureau effort. Each communication is routed to the file and a summary of the information contained therein is placed on a master card. The file already contains over 3,500 cards which have become an invaluable source of information to the entire Embassy. It is possible through the examination of the master card on any individual to obtain an instant summary of all the information in the possession of the Embassy or the allied offices concerning any one individual and the maintenance of this file has helped to give the Bureau's office the ranking position in intelligence matters. &U

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The liaison with the police authorities has increased to a considerable extent. Close contact is maintained with [redacted] as well as with [redacted] who, as a guest of the Bureau, visited the United States where he was afforded an extensive tour of the country, during which time he was instructed in the operations of the Bureau, of Bureau field offices, and of various police organizations in the leading cities which he visited. &U

The Bureau's office has been very active in the promotion of free groups during the past fiscal year. The work of the Free Austrians has been partly financed through the Bureau's office which has also worked closely and helped to control the Free Italians. Recently a Free German club was organized and through the connections of Bureau Agents with the Inter-Allied Committee, Bureau representatives were able to choose the officers of this club and to control the elections of its &U

board of directors. Close contact has also been maintained, of course, during the past fiscal year with the Inter-Allied Committee, which contains representatives from many of the free groups, thus enabling Bureau representatives to control the activities of these groups and to obtain valuable information from them. (S)

Besides intensive investigations which Bureau Agents are at all times currently conducting on individuals suspected of espionage and other subversive activities, the Bureau representatives in Ecuador in recent weeks have uncovered highly important information on the smuggling of platinum from Colombia to Argentina via Ecuador. In this connection, a double agent has been employed by FBI representatives in a platinum smuggling ring, the head of which is [redacted] a British subject residing in California. Evidence has been developed that this ring has already smuggled 4400 grams of platinum from Colombia to Argentina, where it is believed it is ultimately destined for Axis representatives. The double agent has been permitted to accumulate two kilograms of platinum and proceed with it to Buenos Aires, where he has recently arrived and where he is being constantly surveilled by Bureau agents in an effort to ascertain the identity of the recipients of the platinum as well as its ultimate destination. Thus far investigation in Ecuador has developed evidence implicating thirteen members of this platinum smuggling ring. (S) b7C

EL SALVADOR (S)

The SIS coverage in El Salvador, while almost non-existent a year ago, now consists of an attache in the United States Embassy at San Salvador, one undercover representative and a stenographer-clerk. (S)

Very close, harmonious relations have been established by our official representative with the other United States agencies, the Embassy personnel, and the Salvadoran government. (S)

Arrangements have been perfected to be notified of all individuals departing the country for the United States and close relations with the Office of Investigaciones Especiales have permitted access to political, internal security, and subversive activities information within the Republic. (S)

Very comprehensive surveys have been submitted of German, Italian, French and Spanish organizations and individuals, as well as all the various so-called "Free" organizations. (S)

Considerable assistance concerning individuals possibly subject to deportation has been produced as well as facts relative to financial and commercial transactions of Axis nationals.

GUATEMALA

Present SIS coverage in Guatemala consists of two attaches, three undercover representatives, and a stenographer-clerk. Though the total coverage is no greater than a year ago, we had no men in the Embassy at Guatemala City at that time and were, therefore, greatly handicapped. The methods of operation during the past year have been drastically improved by reason of the official representation and the ability to operate in the open.

One of the Bureau's undercover representatives continues to penetrate "Little Sudetenland" in Northern Guatemala and has been successful in securing comprehensive information on activities in that area. This same representative also enters deep into the Guatemalan bush and has submitted detailed reports on the rubber situation - availability, potentialities, and actual production.

Informant coverage relative to activities and individuals in the Guatemalan cities has also been perfected and this, together with the very close relationships maintained with the Guatemalan Police, makes it possible to easily and quickly secure all necessary information about any individual or business which may be the subject of an investigation.

Very few individuals, who can be considered as subject to deportation and internment, remain in the Republic. This is a far cry from the situation which existed even a year ago. Of those who have been deported and interned in the past year, it can safely be said, information from SIS sources concerning many of them carried considerable weight. This same statement may apply relative to the operations of the United States Proclaimed List of Certain Blocked Nationals and the Confidential Consignee List.

The widespread informant system has, during the past year, produced thorough, intelligent reports on the background, development, and present activities of the NSDAP in Guatemala. Comprehensive surveys concerning the Spanish activities, the French activities, and the "Free" movements have also been developed.

At the present time SIS representatives are endeavoring to locate the source of the propaganda material and individuals connected with its distribution, and the services of the Bureau Technical Laboratory are being utilized in this connection. XU

ECUADOR XU

In order to secure more complete and adequate coverage in the Republic of Ecuador, the total of Bureau Agents assigned to this country was increased to fifteen during the past fiscal year. At the present time six agents are assigned to the Embassy in Quito and three to the Consulate General at Guayaquil. There is also an agent at Quito conducting a police school and at the same time maintaining close liaison between the agents in the Embassy and the local police officials. One undercover agent is also operating at Quito; while another undercover agent is stationed at Guayaquil. During the past year, a plant survey expert agent has been assigned to Ecuador where he was conducting the necessary plant surveys. For a short time an agent was assigned to the Consulate at Manta, but due to a minimum of activity in that area he was reassigned to the Embassy at Quito. The confidential informant coverage in this country was also materially increased during the past year. XU

The work of the undercover agents has been integrated into the general work of the office and it has been possible for them to obtain much information and perform considerable work which would have been either embarrassing or impossible if done by the agents of the Embassy. At the same time it has been possible to arrange to have several agents in a travel status, thus enabling trips to the interior and more remote sections of the country to obtain information of pertinent developments in those areas. In connection with this program, recent trips have been made by Bureau agents to remote provinces in Ecuador where provincial police heads and governors have been interviewed as to certain specific matters then pending and as to management of their offices in general. The Bureau agents at this time carried letters from the Minister of Government, stating that they were experts in all such matters and that any suggestions made by them should be followed. The result has been to gradually bring about an increased efficiency in the provincial offices, which has resulted in the Bureau's office obtaining more complete and accurate and more numerous reports. As of interest, the Minister of Government announced that any provincial police chief not acceptable to the Bureau's office would be removed from his position. It is believed that the present coverage in the country is sufficiently adequate to competently realize the Bureau's objectives in this Republic. U

All of the aforesaid projects, plus two espionage cases which are taking considerable attention, have been supplemented by a wealth of information concerning financial, economic, political, and commercial subjects. Also, the Bureau has been receiving information regarding all persons leaving Guatemala for the United States. &U

During the past year the Guatemalan Government has completed a new National Police building. They were desirous of establishing a crime laboratory which would be well equipped and which would also be used for the training of police officials from other Latin American countries. The Guatemalan officials approached the local committee of the Coordinator of Inter-American Affairs relative to securing the necessary money to establish the crime laboratory. A very intensive and thorough survey was made by SIS representatives to determine the available equipment in the laboratory and the equipment needed. Proceedings on the project developed to the point where a representative of the Bureau, a representative of the Coordinator's Office, and a representative of the State Department were to meet for the final arrangements when the State Department advised all interested parties that the equipment which would be needed for the laboratory was under a very high priority classification and could not possibly be secured at this time. The project, therefore, of necessity had to be abandoned for the present, but through representatives of the SIS, the Guatemalan officials were offered the use of the Bureau's laboratory whenever such was needed in matters of National Defense or matters of interest to the United Nations. &U

HAITI &U

SIS coverage in the Republic of Haiti has been increased to the extent that at the present time a Bureau Legal Attache is assigned to the American Embassy in Port-au-Prince, Haiti. There is also assigned to the Bureau Legal Attache a clerk. &U

Plans are going forward at the present time to install a Bureau radio in Port-au-Prince, Haiti, in the near future which will bring about speedier and closer supervision of SIS operations in the Republic. &U

Extensive informant coverage has been developed in the Republic, and the SIS representative has effected close liaison with the Haitian police and other local government officials. Recently, the Haitian Government has assigned a number of the Haitian police to work in cooperation with the SIS representative in the Republic of Haiti. &U

The President of the Republic has invited the Bureau SIS representative to demonstrate the Bureau's practical pistol course and disarming methods for the benefit of the Palace Guard and the Haitian police in the near future. &U

Deportation of Enemy Aliens from Haiti &U

Following investigations conducted by the SIS representatives in the Republic of Haiti, appropriate steps were taken by the American Embassy and the United States Department of Justice to effect the deportation of Axis nationals in Haiti who were considered to be dangerous in view of their activities and sympathies. As a result of this action, ten Axis nationals have been deported by the Republic of Haiti to the United States where these individuals are presently interned by the United States authorities in Texas. &U

Karl Braun &U

This German national was arrested by Haitian authorities on April 9, 1943. Previous investigation by SIS representatives disclosed that Karl Braun was operating a combination saloon and brothel in Port-au-Prince, Haiti, where sailors and members of the armed forces were accustomed to seek entertainment. It was ascertained that Braun approached several crew members of the SS Edwin M. Staunton and offered the seamen free entertainment at Braun's establishment in exchange for information concerning cargoes, ship armament, and convoy routes. Investigation is continuing to determine the associates of Karl Braun in his activities in the Republic of Haiti. &U

HONDURAS &U

Two undercover representatives form the present SIS direct coverage in Honduras. As a result of the Bureau having been unsuccessful in placing an attache in the United States Embassy there, our coverage is necessarily inferior to any other Central American Republic. This is the only Latin American country where the Bureau does not maintain a representative in an official capacity, and it is believed this situation will soon be remedied. &U

Due to conditions presented by the Republic of Honduras, it has been necessary to change our undercover representatives approximately every six months. &U

As a result of the above described situation, the communications have been greatly hampered and the flow of material has been comparatively restricted. In spite of this handicap, however, considerable information concerning pro-Axis activities and financial, commercial, economic, and political considerations has been submitted.

Arrangements have been made, through the Bureau's representative in El Salvador, to secure the names of all individuals leaving Honduras for the United States. X U

Our representatives in the Republic have been able to travel freely throughout the country and, by the development and maintenance of informants, have kept the Bureau generally informed of all pertinent developments within the country. X U

JAMAICA X U

One SIS representative is located at Kingston, Jamaica, British West Indies, in a liaison capacity, with a view to insuring cooperation between the British and the United States in the intelligence coverage of the Western Hemisphere. This liaison arrangement has resulted in the Bureau being promptly advised concerning the movements of travelers from Europe to the United States who have been engaged in smuggling activities and the evasion of currency regulations. X U

The status of Jamaica as a control point with regard to travelers to and from the Western Hemisphere makes this locality an important inclusion in SIS operations. X U

MEXICO X U

Mexico is the largest Spanish speaking country in the Western Hemisphere and is only second to Brazil in area and population. For this reason, it is necessary that Bureau representatives be placed in the widely separated principal cities of Mexico. X U

The chief Bureau representative in Mexico bears the title of the Civil Attache of the American Embassy in Mexico, D. F. Working under him are eight Assistant Civil Attaches and two Special Employees. One of the latter is a cryptographer who was sent to Mexico to assist the Postmaster General there in matters pertaining to Cryptography. X U

However, his principal duty consists in acting as a censorship liaison agent and in handling cryptographic work for the Military Police, Navy, and Mexican Central Intelligence Bureau, as well as supervising both mail and cable censorship. Because of his position, this Special Employee is able to obtain anything of interest to the Bureau that passes through the communications system of Mexico. The other Special Employee is a translator. &V

There are four clerks assigned to the Embassy and two undercover clerks who work at the residence of the Civil Attache. &U

In addition to these persons who are working under a diplomatic cover there are thirty Special Agents working undercover throughout the Republic of Mexico. They are stationed as follows: &U

Mexico City	-	14 men of whom four are special employees
Acapulco	-	1
Baja California	-	1
Chihuahua	-	1
Cuernavaca	-	1
Chiapas, State of	-	1
Guadalajara	-	2
Hermosillo	-	1
Manattan	-	1
Merida	-	2
Monterrey	-	2
San Luis Potosi	-	1
Tampico	-	1
Veracruz	-	1

&U

The men assigned to the State of Chiapas and the territory of Baja California spend the greater portion of their time in traveling, inasmuch as none of the cities in these areas are of sufficient size to require the full time of an undercover Agent. &U

During the past year considerable difficulties have been encountered in affording sufficient investigative coverage to Mexico. Mexico is the only large country in Latin America in which the Bureau has neither a radio nor men assigned to the various Consulates throughout the Republic. The most rapid means of communication between the Bureau and the Civil Attache is by coded cable through the State Department. It is a distinct disadvantage to have to depend on undercover men to handle all types of cases in the cities in which they work. It is believed that much greater coverage with a minimum output of time and manpower could be achieved if the Bureau had men assigned as Assistant Civil Attaches in the principal Consulates throughout Mexico. However, &U

because of the persistent attitude of the present American Ambassador to that country it is improbable that either a radio or men assigned to Consulates will be available to the Bureau for some time. One of the results of the failure to have men in the Consulates has been the necessity for the undercover operatives to deliver their reports personally to the American Embassy in Mexico, D. F., for forwarding to the Seat of Government in Washington. If the Bureau were allowed to place men in the Consulates under diplomatic cover they could utilize the State Department channels of communication. For some time these undercover men outside of Mexico City transmitted their reports to cover addresses in Mexico City; but because of the insecurity of the mails in Mexico, it has been necessary to discontinue this means of communication in all but very few instances. &U

To further complicate matters, it is impossible for undercover agents to secure United States passports upon leaving this country for Mexico, and they must enter the latter republic as tourists on so-called "tourist cards." The result of this situation is to deny to Bureau undercover men in Mexico adequate commercial covers enjoyed by our operators in other Latin American countries. This makes it more difficult for undercover men to operate in Mexico, and definitely limits the duration of their assignments. &U

Another barrier which the Bureau has met, but according to the latest reports is dwindling, is the political situation in Mexico City. Until recently, Dometrio Flores Pagoaga, who was trained at the Bureau, was the Assistant Chief of the Investigation and Counter-espionage Section of the Mexican Department of Gobernacion. Pagoaga recently resigned to run for Mexican Congress in the State of Oaxaca. With the departure of Mr. Pagoaga, the Bureau's best contact in this Department was lost. However, the Bureau is apparently succeeding in its efforts to reestablish the former excellent liaison with Mr. Pagoaga's successor, Lic. Jorge Zaballaro Sentics. &U

General Alfonso Mejo Mello, formerly Chief of the Mexican Military Intelligence Service, was replaced in a political shake-up. Here again, the Bureau has suffered the loss of one of its most valuable contacts, and efforts are being made to regain the full cooperation of this Mexican Governmental agency by frequent contacts with its new administrator. &U

It is believed that the change in these two Mexican Governmental Departments has been occasioned because of the influence of former President, General Lazaro Cardenas, who is presently Minister of National Defense in Mexico. It is known that Cardenas has caused inquiries to be made concerning the intelligence activities on behalf of the United States Military Attache and Naval Attache at Mexico City. &U

These American officials believe that the Mexican authorities are endeavoring to ascertain and curtail the activities of intelligence groups attached to the American Embassy in Mexico. An unverified report has also been received to the effect that similar inquiries were made relative to the activities of British intelligence operatives in the Republic. (U)

Among the definite improvements in the SIS administrative set-up in Mexico is a newly-installed indexing and filing system. Heretofore, the method of indexing and filing utilized in the Embassy was insufficient to adequately handle the large volume of correspondence and files. Another improvement is the method of handling undercover men. Heretofore, they rarely visited Mexico City and had no secure means of communication with the Embassy. By means of a new system put into effect recently, each undercover Agent delivers his reports personally to the Embassy periodically, the frequency depending on the distance of the Agent from Mexico City. This enables the men to review the files of the Civil Attache, to talk over their personal problems, and to receive leads to be covered in their territory. (U)

Another recent innovation has been the assigning of a greater number of cases to those Field Offices of the Bureau whose territory immediately adjoins Mexico. The San Antonio, El Paso, Phoenix, and San Diego Divisions have established excellent informants in the border States of Mexico and are enjoying cooperative liaison with the Mexican authorities. Because the representatives of the border offices are able to go into these Mexican border States as Special Agents of the Bureau, they are able to cover leads in Mexico with a great saving in time. However, all these investigations performed by the regular Field Offices of the Bureau in Mexico are supervised by the SIS Division. The Border Field Offices are likewise apprised of the identities of all the Bureau undercover men working in their territory to avoid embarrassment and duplication of effort. (U)

It should be stated that in addition to covering leads set out by the Bureau and the investigation of cases arising in Mexico, the Civil Attache also handles the investigations growing out of complaints made to the Embassy, as well as inquiries specifically requested by the Ambassador and his assistants, the Military Attache, and Naval Attache. At the present time there are over six hundred pending cases in Mexico. (U)

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There has been a large increase in the number of informants developed and retained by the SIS in Mexico during the past year. Among Mexican Governmental officials utilized as contacts of the Civil Attache are the following: [redacted] (U)

[redacted] b7C
[redacted] b7D
[redacted] of the Coastal Defense Zone; and [redacted] of the International Section of the Department of Gobernacion through whom the official files of this Department are made available. (U)

One of the Bureau's most productive informants for some time has been [redacted] formerly [redacted] in Mexico City, but presently serving as a full-time SIS informant in Mexico under the cover of [redacted] for [redacted] of Mexico. [redacted] employs three undercover men who are also full-time employees of the SIS. Through this arrangement, involving inquiries by native Mexicans, all of whom [redacted] the Bureau b7C
is afforded coverage in certain types of cases and access to information b7D
that would not otherwise be readily obtainable by Americans in Mexico. The largest stride forward by SIS in Mexico regarding informants has been in the field of Japanese activities. Three informants are presently working almost full time on Japanese matters and have won the confidence of the Nipponese so that the latter themselves furnish the informants with photographs of themselves which are, in turn, transmitted to the Bureau for identification purposes. These informants have identified and furnished information concerning some of the most influential Japanese in Mexico with whose activities none of the American intelligence agencies were previously familiar. (U)

In addition to the informant coverage mentioned above the Embassy Attaches and the undercover men all have developed confidential informants and sources of information in connection with the activities of Axis aliens and the political activities of refugee groups in Mexico. (U)

During the past year the Bureau's representatives in Mexico have also unearthed information which has served to discredit two informants who were previously considered reliable. One of these individuals is the self-styled [redacted]" who is actually a native Mexican "con" man; the other informant was one [redacted] who is the [redacted] the [redacted] has been the fountainhead of more false infor- b7C
mation than all the other sources of information in Mexico, which situation has caused the intelligence agencies in Mexico a great waste of time and effort in endeavoring to verify these rumors. (U)

At the present time one of the Japanese informants referred to above is in the process of being used as a double agent in the operation of a clandestine radio transmitter on behalf of the Japanese in Mexico. &U

There are a number of German espionage cases pending, the most noteworthy of which is the Clog case, involving the transmission of espionage information by microphotographic dots between enemy drops on the European Continent and in Mexico. There are also ramifications in Mexico of two cases involving secret writing between Communists in the Western Hemisphere. &U

NICARAGUA &U

SIS coverage in the Republic of Nicaragua is extremely productive in spite of its comparatively small size. Numerically the coverage consists of an attache in the United States Embassy, an undercover representative, a stenographer-clerk and a man assigned to the Nicaraguan Government as advisor on National Defense and police activities. It is expected that another man will soon be assigned to the Nicaraguan East Coast as an attache. &U

The representative assigned to the Nicaraguan Government has so ingratiated himself by reason of his personality and apparent capabilities that he has long since become the close confident of President Somoza, Lieutenant Aguirre, the Presidential Aide and Chief of the Department of National Defense, and the Nicaraguan Minister to Washington. &U

Lieutenant Aguirre's Department of National Defense has control of censorship, immigration, passports, visas, customs, naturalization, alien activities and control, and many other subjects pertaining to the country's national defense. All information con-cerning the above subjects is promptly furnished to our representative and his opinion concerning national defense operations are valued greatly. &U

Arrangements have been perfected to keep the Bureau advised of all individuals departing Nicaragua for the United States, and the Nicaraguan Government is following the suggestion of our representatives that the passports of all American citizens must be verified by the United States Embassy before an exit visa is issued by the Nicaraguan Government. &U

Information concerning the true reasons and indicated reasons behind some of the actions of the Nicaraguan Government has been of tremendous value to United States agencies. The extensive informant system our representatives maintain in Nicaragua has enabled them to submit a number of this type of report. S U

Excellent, comprehensive reports have been submitted on the organizations and activities of the Spanish, the Communists, the French, the Germans, and the Italians. Intensive investigations can be, and have been, conducted of any individual or concern in the Republic about whom or on which information is desired. S U

Information originally furnished by Bureau personnel concerning Axis Nationals doubtlessly was the deciding factor in many deportation or internment cases.

Excellent reports have been submitted on the communication systems in the Republic and the weaknesses have been cited. S U

Considerable quantities of cogent, up-to-the-minute information concerning commercial, financial, social, political, and economic subjects have been submitted continuously. This has been of inestimable value to United States agencies.

PARAGUAY S U

Until July 16, 1942, Bureau representation in Paraguay was restricted to agents operating in an undercover capacity. Since that time a Bureau representative has been assigned to the American Embassy at Asuncion as Legal Attache, and more recently an additional agent has been assigned as Assistant Legal Attache. In addition there are two clerical employees assigned to the Embassy. One undercover representative is presently located in Asuncion. In April, 1943, a representative was assigned to Villarrica in the capacity of Vice Consul. This position has enabled him to operate successfully without suspicion in the second most important metropolitan center of Paraguay. S U

The scarcity of large cities and industrial organizations as well as difficulty of travel in the interior of Paraguay has required the exercise of considerable resourcefulness on the part of the Bureau representatives assigned to that country. However, a close liaison is maintained with Paraguayan police authorities and access is had to their files as well as to the files maintained concerning entry and exit permits which are required by law of persons crossing the international borders. Through the efforts of our representatives, S U

arrangements have been perfected by which information regarding all mail of important espionage suspects, as well as important international mail, is made available to the Bureau. Sources of information have been greatly expanded so that coverage is now maintained of important hotel registers, boat and travel lists, activities of German colonies, and "free" political movements. (U)

In the spring of 1943 a memorandum prepared by the Legal Attache and presented to the Paraguayan Government through the American Embassy was adopted without alteration by the director of confidential matters as a general order to officials throughout the country enjoining close surveillance over Axis subversive organizations, espionage agents, and activities. As a result, there has been a noticeable restriction of the activities of Axis nationals, and several individuals have been arrested for violation of travel regulations. (U)

Arrangements have now been completed for the installation of a Bureau radio station at Asuncion which will be incorporated into the Bureau radio network. Equipment has been shipped to Paraguay and will be installed in the immediate future. It is expected that the resulting facilitation of communication will assist greatly in the prompt dissemination of important information from that country. (U)

There is now being undertaken the preparation of a supplement through the Paraguayan monograph issued in April, 1942, which will contain information regarding subversive activities in Paraguay which has come into the possession of the SIS Division since that time. (U)

PERU (U)

To adequately and efficiently handle the added volume of work in Peru the number of SIS representatives in the country was increased to six Attaches in the Embassy, one assistant to the Vice Consul in Arequipa, Peru, and eighteen undercover representatives. (U)

In addition, the confidential informant coverage in the country was materially increased and a number of qualified individuals employed to furnish accurate information relative to political and subversive movements within the country. (U)

A radio transmitting station was installed in the Embassy to provide a speedy, secure method of communication with headquarters at Washington. Due to the favorable geographical location of Lima, this station was designated as the relay point for other units operating in other South American Embassies. (U)

The Office of the Legal Attache in its capacity of coordinator of subversive information established with the cooperation and assistance of the Military and Naval Attaches, and Embassy representatives, a central information unit which serves as central clearing house for all intelligence information. Each participating agency furnishes its reports of an intelligence nature to this section whose personnel in turn synopsize and record the same on specially prepared index cards. A clerical representative of the SIS unit serves as chief clerk for the central information unit. &U

The Office of the Legal Attache maintains a close liaison with the Peruvian Division of Investigations and has designated one Special Agent to serve as liaison officer to handle all matters relating to subversive and espionage activities with the director of that organization. As a result of this cooperative arrangement, the Peruvian Division of Investigations conducts detailed investigations at the request of the Office of the Legal Attache and assists in surveillance and other work essential to the successful completion of cases. The Office of the Legal Attache also handles investigations of a specific nature for the Military and Naval Attaches as well as the State Department. &U

At the request of the Chief of Staff of the Peruvian Army, representatives of the SIS section taught two special intelligence schools sponsored by the Intelligence Division of the Peruvian Army for the instruction of specially picked army officers and civilians in counter-espionage and sabotage techniques. &U

A group of specially trained Special Agents surveyed the protective facilities of seven industrial plants considered vital to the war effort and furnished recommendations based upon these surveys to the interested plant officials and the Peruvian Government. &U

The activities of Axis nationals in Peru were seriously curtailed because of the deportation of its leading members by the Peruvian Government in cooperation with the United States Government. The Office of the Legal Attache furnished valuable data to the Peruvian Government which enabled it to prepare a comprehensive and intelligent list of deportees and rid the country of many dangerous elements. A total of 495 Japanese and German nationals were deported by the Peruvian Government for interment in the United States. &U

As a result of investigative efforts of the Office of the Legal Attache, it was ascertained that several Peruvian Government officials were involved in the taking of graft in connection with the deportation proceedings of February 24, 1943. The information obtained indicated that the individuals involved obtained large sums of money from possible &U

deportees or their families on their promise that the deportees would not be deported or that possible deportees would not be put on the list for deportation. In some instances, individuals were assured that by paying certain sums of money they would not be deported and in other instances individuals already on the list for deportation were promised that upon payment of certain sums their names would be deleted from the list. A comprehensive report containing the essential facts was furnished the Ambassador who, in turn, informally discussed the matter with the President of Peru. Subsequently, the Director of Government, the head of the Division of Investigation, and other officials were dismissed from office for their participation in the graft operations. &U

The coverage in southern Peru was materially increased with the assignment of an SIS representative to the Vice Consulate in Arequipa. Through the functioning of this office all work in the important southern district of Peru was correlated; also, the vital border cities of Puno and Tacna were effectively covered. This office likewise maintains a close liaison with the regional headquarters office of the Division of Investigation and has been able to secure invaluable assistance from that organization in the investigation of cases. &U

With the increase of the number of undercover representatives in Peru it has been possible to have permanent, thorough coverage in each department of the country. SIS representatives have conducted complete investigations into the economic, political, and social conditions in the various departments with special emphasis on subversive activities and movement of Axis nationals. The information has been incorporated into monographs and distributed to interested government agencies. Representatives, after the completion of surveys, are assigned to cover the departments on a permanent basis and develop complete confidential informant coverage in their respective territories. &U

TRINIDAD &U

An SIS representative is assigned in a liaison capacity at Port-of-Spain, Trinidad. This establishment of liaison between the Bureau and British authorities has resulted in the Bureau being promptly advised concerning information obtained concerning known espionage agents bound for the Western Hemisphere from Europe via Trinidad. Information obtained, as the result of detention of suspected individuals in Trinidad, has resulted in important information concerning the activities of enemy espionage agents in Latin America. &U

URUGUAY

During the current year the SIS coverage in Uruguay through undercover representatives has been supplemented by the assignment of a Bureau representative as Legal Attache in the American Embassy. There are also three assistant Legal Attaches, four clerks, and two radio operators assigned to the Embassy as well as nine representatives operating in an undercover capacity in Montevideo.

A Bureau radio station has been in operation in Montevideo since November, 1942, connecting that office with the Bureau radio network. In addition to handling all radio communications pertaining to Bureau operations in Uruguay, this station serves the added function of transmitting all radio traffic between Bureau headquarters and the office of the Bureau Legal Attache in Buenos Aires, Argentina.

Recently the intelligence files of the various agencies of the American Embassy at Montevideo have been placed in the charge of the Legal Attache for maintenance and coordination. These files are under the direct control of Bureau representatives and have been utilized extensively in correlating information for the SIS Division.

The SIS has maintained direct contacts with the Uruguayan Federal Police and the Montevideo City Police, through whom all pertinent information contained in their file has been obtained. They are also called upon to exercise duties for which agents could not well be utilized. Arrangements are now being effected for the assignment of two police liaison officers to that country. A large volume of information has been obtained reflecting Axis sympathizers, propagandists, leaders, and organization in Uruguay. Excellent contacts have been maintained among members of the French and Spanish colonies through whom current information has been received regarding the activities of Vichy-French and Franco sympathizers. A number of excellent informants have been secured among individuals of Italian descent, it being noted that approximately one third of the total population of Uruguay is of Italian ancestry.

A monograph of 156 pages was issued in July, 1942 reflecting information extracted and correlated from the files of the SIS Division regarding totalitarian activities in Uruguay. The monograph was distributed to the office of the President and to interested governmental agencies, and has invoked much favorable comment.

Among the investigations presently being conducted in Uruguay, one of the most important involves inquiries into the contacts of Dieudonne Costes, a well known transatlantic flier originally recruited by the Germans to travel to the United States as an espionage

agent. Investigation is also being conducted into the identity of certain individuals who have transmitted espionage information from several Latin American countries, including Uruguay, to a series of related drop boxes in Madrid, Spain, by the use of secret writing. Two rings of smugglers in Buenos Aires, Argentina, which are securing strategic metals, diamonds, etc. from South America for smuggling to the Axis, are presently under investigation by our Uruguayan office. One such ring involves forty individuals in Buenos Aires, Argentina, and Montevideo, Uruguay, as well as prominent German firms. Another matter of importance in that office is the investigation of the contacts of Thilo Martens, a German businessman of Argentina and agent of the German Abwehr, who was involved in a case of sabotage in Rio de Janeiro, Brazil, in July, 1942. This individual was designated to look after the interests of "Graf Spee" sailors interned in Argentina. XU

VENEZUELA XU

SIS operations in the Republic of Venezuela have been vastly increased during the past fiscal year. There are presently on assignment in Venezuela twenty-two Special Agents, fifteen of whom are attached to the Embassy and the various Consulates with seven agents in an undercover capacity. The SIS clerical force has been increased to seven persons, one of whom is a translator. Within the past several months SIS representatives have been placed as Assistants to the Consuls in the American Consulates at Caracas, Maracaibo, Ciudad Bolivar, and Caripito. This Consular representation has been of increasing value to SIS operations and investigations of all phases of intelligence activity have moved forward with impetus. XU

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Informant coverage has been expanded to a considerable extent and a large informant group [redacted] in Venezuela has been utilized profitably, particularly during the negotiations between the Venezuelan Government and [redacted] in connection with the recently passed Venezuelan [redacted]. Due to the importance of [redacted] and their influence on economic conditions in Venezuela, these informants and three undercover representatives who have positions as [redacted] with [redacted] of Venezuela have submitted a large volume of accurate information concerning economic and political conditions in Venezuela. X

During the past fiscal year SIS representatives have initiated and are maintaining a close liaison with the Venezuelan Police and other officials of the Venezuelan Government with the result that all information concerning espionage and subversive activities developed by the Venezuelan authorities is readily available to the SIS representatives. Relations with the Embassy officials have been satisfactory and with the exception of some minor usurpation by the Naval Attache's office in the investigation of matters within the Bureau's jurisdiction, relations with officials of the War and Navy Departments have been good. XU

SIS representatives have in the past few months conducted a considerable number of investigations of all types of intelligence activity and at the present time a number of important espionage cases as well as cases involving the smuggling of diamonds have been developed. XU

The Pedro Alfonso Asero Case XU

Asero is a former Venezuelan diplomat who was at one time stationed in Germany. He is at the present time in Venezuela and it is definitely known that Asero was recruited by the Sicherheitsdienst in Lisbon during the summer of 1942. It is now known that the subject is planning to return to Germany from Venezuela at the earliest possible time. An investigation is going forward with the view to determining Asero's activities as well as his contacts in Venezuela. XU

The Angel Arpon Case XU

Arpon is a Spanish National who was found through the efforts of SIS representatives to be engaged in large scale diamond smuggling from Venezuela. It was determined that the funds used by Arpon in buying diamonds was furnished him to a great extent by Jose Sangronis de Castro, the Spanish Minister to Venezuela. It was further determined that in February of 1945 Arpon was taking a large amount of diamonds to Spain on one of the Spanish boats. The information concerning Arpon was furnished the British authorities at Trinidad who removed from Arpon and a number of confederates diamonds to the value of $30,000. Subsequently, Sangronis, who apparently was recalled from his assignment in Venezuela because of pressure of the Venezuelan Government because of his activities in diamond smuggling, also traveled to Spain via Trinidad. According to reliable information, Sangronis had large amounts of diamonds which he was carrying to Spain in diplomatic pouches and on his person. Because of the diplomatic immunity of Sangronis, no action could be taken at the time. The investigation of Arpon and Sangronis has lead to the identity of other individuals engaged in diamond smuggling and widespread investigations are being conducted at this time in Venezuela to obtain further information relative to diamond smuggling. The prevention of industrial diamonds reaching Germany, one of the major objects in economic warfare, and the matter of diamond smuggling are being given preferred attention. XU

A major achievement in Venezuela was the obtaining of the Spanish codes and cipher pads utilized by the Spanish Consulate in Caracas, Venezuela. SIS representatives were able to come into possession of the Spanish codes and cipher pads by utilizing a group of informants developed in Venezuela. These codes and ciphers have assisted materially the Technical Laboratory in decoding Spanish diplomatic messages not only from Venezuela but from other parts of the Western Hemisphere. The intelligence information gleaned from the decodes of Spanish diplomatic messages has been extremely valuable to the Bureau. XU

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ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1943-1944

Bureau File
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TABLE OF CONTENTS

	Page
I. SIS OPERATIONS AT THE SEAT OF GOVERNMENT	1
a. Changes in Administration	1
b. Finances	3
c. Special Projects	4
II. SIS OPERATIONS IN THE FIELD	6
a. Administrative Changes	6
b. FBI Legal Attaches	7
c. SIS Employees in the Field	8
d. SIS Police Liaison	10
e. Liaison - Trinidad, Jamaica, and Bermuda	12
f. Plant Survey	16
III. SELECTION AND TRAINING OF SIS AGENTS	21
IV. COMMUNICATIONS AND TRANSPORTATION	23
V. SIS NEW YORK OFFICE	26
VI. COVERS AND COVER COMPANIES	27
VII. MAJOR ACCOMPLISHMENTS	28
a. Smuggling Control	28
b. Espionage Round-Ups	35
c. Expulsion and Internment of Axis Nationals	49
d. Subversive Political Coverage	55
e. Monographs	63
VIII. ACCOMPLISHMENTS BY COUNTRIES	46

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CHAPTER I - SIS OPERATIONS AT THE SEAT OF GOVERNMENT

A. CHANGES IN ADMINISTRATION

The fiscal year of 1943-44 has brought about a number of important administrative changes at the Seat of Government. These changes have resulted in more efficient and comprehensive supervision of the work being performed by the field. At the same time since SIS operations in Latin America have become so closely integrated with the work being performed by Bureau representatives in Europe, it was necessary to establish a supervisor to coordinate all matters of an espionage or subversive activity nature which were reported from the European sphere that necessitated attention in South America. The duties of this supervisor are to examine the incoming material, coordinate it with the information at the Seat of Government, and properly distribute it to interested governmental agencies, as well as to the Legal Attaches in Latin America. b1

Also during the 1943-44 period, the establishment of two Traveling Attaches was effected. It is the duty of these Attaches to travel from one Embassy to another when the need for their services arises. These Attaches are kept currently informed as to SIS policy and procedure, and in turn pass this information on to the Legal Attaches in the countries which they visit. They also discuss personnel problems and administrative problems with Bureau representatives in Latin America and keep the Bureau constantly and currently advised as to the situation in each country. Also in connection with their work, they are able to pass on new ideas as to investigative techniques and ideas being used in other SIS offices to the various Legal Attaches. These Attaches are also utilized by the Bureau as "trouble shooters." The work of these two Agents has indeed been valuable to the Bureau's SIS program. b1

A system has been devised whereby men who have been on SIS assignment for eighteen months or more are being recalled to the Seat of Government for re-training. These Agents are afforded the opportunity of not only receiving the Bureau's domestic field in-training, but at the same time receive special instructions and conferences with the supervisors who are handling the work emanating from the office to which they were assigned. The purpose of these conferences and training is to keep the Agents fully informed as to not only the domestic field procedure, but also any new developments which have taken place in the SIS field. b1

To increase the efficiency of the Seat of Government supervision, Legal Attaches have been instructed to utilize the same efficiency report forms as are being used in the domestic field for reporting on those individuals assigned to their offices. The Legal Attaches have been instructed not only to confine their ratings as to the capability of the Agent to perform the same functions in the SIS field as he would perform in the domestic field, but also to include in his rating certain items which are peculiar only to the SIS field. b1

New instructions have been issued to the SIS field with regard to the preparation of reports. These report forms which the SIS field is using at the b1

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present time have been designed to increase the efficiency of the distribution of the information contained in reports at the Seat of Government. A special system is being utilized so that the Legal Attache may be able to include these reports in their files in such a manner as not to reveal any of the sources of information of the subject. These report forms also provide for appropriate notations whereby they may be easily handled at the Seat of Government for the purposes of filing, indexing and the preparation of statistical data. SU

Since the volume of work being performed by the SIS field has steadily increased, the number of reports being received at the Bureau has also increased. In view of the fact that diplomatic pouches are limited in weight, a system has been devised whereby all reports emanating from the field, as well as all communications sent out of the Bureau, are prepared on light-weight paper so as to conform with the limitations of the weight restrictions on the diplomatic pouch. This new type of paper has not decreased the efficiency of either the field or Seat of Government operations. SU

As a result of the work performed by SIS representatives, many of the countries in Latin America are deporting Axis nationals to the United States for internment. Several of these individuals deported have been subjects of investigations conducted by Bureau representatives. A procedure has been adopted whereby SIS supervisors who are well acquainted with the case in which the individual was involved are sent to ports of entry to interview the subject in complete detail. The results of this project have been extremely successful. SU

As a part of the training program of SIS agents prior to their departure for assignment, they are required to read certain informative bulletins or books on the country to which they are assigned. There has been created in the SIS Section a complete library of material on each country in which the Bureau has representatives. This library serves exceptionally well for reference purposes not only to agents who are proceeding on assignment, but also to the supervisors at the Seat of Government. SU

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B. SIS FINANCES

For SIS operations during the fiscal year 1944 the Bureau received an allocation for $5,450,000.00 from the confidential fund of the President. As a result of outstanding advances exceeding unpaid expenses as of June 30, 1943, there remained unexpended in our 1943 allocation the sum of $75,629.58 which the Bureau of the Budget authorized us to use during the fiscal year 1944, making the total funds available to the Bureau for SIS operations during the fiscal year 1944 the sum of $5,525,629.58.

Due to the reduction of personnel on SIS assignment instituted by the Director during November, 1943, a considerable savings will be effected for the fiscal year 1944. As of June 30, 1944 the amount of $3,455,453.87 had been expended as follows:

Expenses	$ 604,712.11
General Expenses	14,146.33
Salaries	1,746,373.85
Informants	366,776.06
Non-expendable property	27,570.52
Agents' Living and Quarters Allowance	366,371.39
Clerks' Living and Quarters Allowance	126,325.11
Entertainment	4,017.24
Advances	199,161.26
TOTAL	$3,455,453.87

It has been estimated by the Bureau and the Bureau of the Budget advised that for SIS operations during the fiscal year 1945 the sum of $3,100,115.70 will be required.

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C. SPECIAL PROJECTS

Beginning in August, 1943, an index was maintained in SIS regarding known and suspected ship couriers operating between Latin American ports and Europe. This index includes the name, position held and ship on which employed, of each seaman concerning whom information has been received regarding his activities in carrying contraband material or espionage messages on behalf of the Axis. A second section of this index reflects the names of these couriers alphabetically behind the name of the ship on which they are employed. By means of this index, it is possible to maintain a complete check on the whereabouts and employment of these couriers as well as the extent of their activities for the Axis. It is also possible to determine through this index what sailors on a particular ship may be open to suspicion of courier activities. X U

In September, 1943, all of the messages in the possession of the Bureau from the [redacted] were logged in the SIS Section in an index containing all localities, cover names and proper names appearing in these messages. Through this index all messages pertaining to a particular subject or containing a given name may be found in one place and studied together. In this way, it has been possible to identify many cover names with the Agents in the German Intelligence Service to which they apply. In May, 1944, decodes were obtained by the Laboratory of German Intelligence messages transmitted between Germany and Argentina. These messages are of the same type as those received through [redacted] and are being logged in SIS in the same manner. These messages are of even greater interest to SIS than [redacted] messages in that they pertain almost wholly to Latin American affairs. A number of the German cover names for towns and individuals have already been identified through this means. X U

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In April, 1943, the need was seen in SIS for a complete index of known and suspected drop boxes used by the Axis Intelligence Service. An index was therefore set up showing the names of the countries used by the Axis for receiving espionage communications and an alphabetical list under each country of the individuals to whom such communications are directed. A second section of this index is also maintained showing an alphabetical list of addresses by country to which Axis mail has been addressed. By means of this index, it is possible to identify the name or address appearing on a communication as one being used by the Axis regardless of the fact that either the name or address used by them is changed from that previously used. This index has been of considerable value in handling material received from the Office of Censorship at the Bureau. This index has also been furnished to the various SIS offices and additions thereto are furnished them periodically, enabling them to identify suspicious mail addressed to or originating in their country. X U

During the past year the SIS Photograph Album of espionage agents was inaugurated. It had been noted that there was a need to have the photographs of known and highly suspected espionage agents available from time to time particularly during interviews of German Agents who were furnishing information concerning the German espionage setup. A project, therefore, was started to obtain all photographs of known and strongly suspected espionage agents that had already been submitted for the Bureau files and to secure photographs of X U

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these agents whose photographs had not yet been sent to the Bureau. These photographs are consecutively numbered and a complete description of the subject together with his location and present status are placed on the back of each photograph. The pictures are contained in a light-weight album, which album can be transmitted to any SIS office by courier pouch when and if needed. Three identical copies of the album have been made up so that several offices may use the album at the same time if that is necessary. S U

Bearing in mind the possibility that the Bureau may eventually be asked to participate in intelligence work in other hemispheres, all personnel files of agents presently on SIS assignment have been reviewed toward ascertaining their ability in languauages other than Spanish and Portuguese. A complete index system broken down both alphabetically, as well as in languages, has been prepared. This system will provide an efficient method for the selection of agents to proceed to any assignment where a particular language is needed. This index is kept current at all times and the SIS representatives in Latin America are being encouraged to increase their knowledge of language other than Spanish and Portuguese. S U

Until October 1, 1943 periodical reports were prepared for the Director's information setting out the various phases of SIS work and its accomplishments. There has been instituted a system of compiling a report each quarter for the Director. This report includes general discussions of all phases of work engaged in by SIS representatives, as well as to present an overall picture of SIS operations both at the Seat of Government and in the Field.

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CHAPTER II - SIS OPERATIONS IN THE FIELD

A. ADMINISTRATIVE CHANGES

In view of the Bureau policy to no longer ask for deferments for any of its clerical employees under twenty-six years of age, it was necessary to train female stenographers and clerks to replace the male clerical employees who were on SIS assignment. During the month of June, 1944, forty-nine female clerical employees were sent to Latin America to take over all clerical duties in connection with the offices of the Legal Attaches. X U

The program to increase the efficiency of the SIS Division, both at the Seat of Government as well as in the field, is reflected in the institution of the submission of monthly administrative reports from each office of the Legal Attache. This monthly administrative report reflects essentially the same information as monthly administrative reports in the domestic field. Compilations are made from these administrative reports from which an over-all picture as to the number of cases receiving active investigation, the number of cases which are delinquent, as well as personnel which is assigned to each office, is reflected. X U

During the past year two liaison offices in the SIS field have been closed. The SIS office at Hamilton, Bermuda was closed as a result of the British Censorship authorities routing all mail into San Juan, Puerto Rico for censorship rather than to retain their offices in Hamilton. Since our SIS representatives were primarily stationed in Hamilton for the purpose of collaborating with British Censorship authorities, this new change made his services no longer needed. The SIS office in Kingston, Jamaica was closed as a result of the various intelligence agencies who were represented in Jamaica moving their headquarters to Guatemala City, Guatemala. The SIS office in Kingston was established primarily to maintain liaison with Army, Navy and British officials who supervised activities in the Caribbean area. Due to this move, the necessity for our office in Kingston was eliminated. X U

During the past year two additional SIS offices have been opened. At the request of the State Department, Bureau Agents have been attached to the American Legation in Lisbon, Portugal and the American Embassy in Madrid, Spain to correlate intellignece activities with representatives of other intelligence agencies represented in these diplomatic posts. The volume of work in Lisbon necessitated the assignment of an additional agent and clerical employee. In addition to these agents connected with the Legation in Portugal and the Embassy in Spain, an additional agent is attached to the United States Army in Italy. This agent works in close collaboration with other intelligence agencies and provides the Bureau with first-hand intelligence information obtained immediately after the occupation of any territory by the United States Army in Italy. X U

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Upon the request of the American Ambassador in Colombia as well as the chiefs of Army and Navy operations in the Caribbean a squad of five Bureau Agents was sent to Colombia to investigate the smuggling of platinum from that country. These agents have successfully uncovered a large ring of smugglers who have been clandestinely exporting platinum from Colombia into Argentina where it is believed it is being transshipped to Germany aboard Spanish boats. X U

B. FBI LEGAL ATTACHES X U

At the close of the fiscal year of 1944 the Bureau was represented in twenty republics in the Western Hemisphere by Legal Attaches assigned to the various Embassies in these countries. As heretofore set out Legal Attaches have been established in the American Legation in Lisbon, Portugal and the American Embassy in Madrid, Spain. X

There are being set out hereafter a list of those places where the Bureau has Legal Attaches stationed: X

Buenos Aires, Argentina
La Paz, Bolivia
Rio de Janeiro, Brazil
Ottawa, Canada
Santiago, Chile
Bogota, Colombia
San Jose, Costa Rica
Havana, Cuba
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
London, England
Guatemala City, Guatemala
Port-au-Prince, Haiti
Mexico City, Mexico
Managua, Nicaragua
Asuncion, Paraguay
Lisbon, Portugal
Lima, Peru
San Salvador, El Salvador
Madrid, Spain
Port of Spain, Trinidad
Montevideo, Uruguay
Caracas, Venezuela

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C. SIS EMPLOYEES IN THE FIELD

At the start of the fiscal year 1944 (July 1, 1943) the Bureau had the following personnel on SIS field assignment: X

Agents	315
Travel Legal Attaches	3
Radio Employees	26
Special Employees	13
Translators, Cryptographers and Photographers	7
Clerical Employees	79
Total	443

XU

There were also 12 clerical employees, 2 radio operators, and 46 Special Agents preparing for SIS assignment at Washington, D.C. S

The Bureau continued its expansion toward the goal of 500 Agents on SIS assignment previously requested by the State Department until October 1943. As of October 31, 1943 the Bureau had the following personnel on SIS assignment in 87 cities and 31 foreign countries: S

Special Agents	331
Traveling Legal Attaches	2
Radio Employees	29
Special Employees	11
Translators, Cryptographers, and Photographers	10
Clerical Employees	87
Total	470

XU

There were also 43 Agents, 8 clerical employees, and 4 Radio Operators at Washington, D. C. preparing for SIS assignment. The coverage as of this date represents the maximum attained during the SIS program up to the present time. XU

In view of the successful developments of the war, the State Department suggested to the Bureau on October 25, 1943, that possibly a part of the reporting on economic, political, industrial, and financial matters which the Bureau formerly had handled, could be done by State Department personnel and that the Bureau could reduce the number of Agents it had on assignment in Latin America. The Director immediately issued instructions for Bureau employees to discontinue gathering any information other than of an espionage, sabotage, or subversive activity nature and a program of immediate reduction was instituted. During November and December 1943 approximately 136 Special Agents were recalled from SIS assignment. On November 16, 1943 the State Department advised that the Bureau's reduction of SIS personnel in Latin America was causing considerable concern in that Department. On November 17, 1943 the State Department advised that a number of complaints XU

had been received from various Ambassadors because of the Bureau's reduction of the SIS personnel assigned to their Embassies. On December 27, 1943 the State Department directed a letter to the Bureau requesting the Bureau to resume its work in the economic, political, industrial, and financial fields. The Bureau immediately complied with this request from the State Department but the number of Bureau employees on SIS assignment has been kept in a static condition. ✗ 2

During the early months of 1944 it was realized that due to the Bureau's desire to cooperate fully with the Selective Service program it would no longer be possible to keep male clerical employees under twenty-six years of age on SIS assignment. The Director accordingly approved a plan for the sending of female Stenographers to those SIS posts where the most favorable living conditions were to be found. After undergoing a period of intensive training at the Bureau 49 female Stenographers were sent as replacements to the offices of the Legal Attaches at Mexico City, Mexico; Havana, Cuba; Bogota, Colombia; Caracas, Venezuela; Lima, Peru; Santiago, Chile; Montevideo, Uruguay, and Rio de Janeiro, Brazil during May and June 1944. ✗ 2

As of June 30, 1944, the close of the fiscal year, the Bureau had the following personnel on SIS assignment in 43 different cities located in 26 foreign countries. ✗ 2

Legal Attaches	23
Special Agents	132
Special Employees	12
Clerical Employees	90
Radio Employees	18
Travel Legal Attache	1
Traveling Supervisor	1
Total	277

✗ 2

Of the above number 4 Special Agents were under transfer to the domestic field and 12 clerical employees had been recalled for induction into the Armed Forces. ✗ 2

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D. SIS POLICE LIAISON

During the fiscal year 1944 the police liaison program in SIS continued to expand. The Bureau now maintains police liaison Agents as follows:

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[redacted]	Quito, Ecuador
	Rio de Janeiro, Brazil
	Sao Paulo, Brazil
	Porto Alegre, Brazil
	Santiago, Chile
	Havana, Cuba
	Havana, Cuba
	Quito, Ecuador
	Quito, Ecuador
	Caracas, Venezuela
	Lima, Peru

X 21

Due to the resignations of two Agents in Bogota two police liaison positions are temporarily vacant. However, arrangements are being made to fill these positions as soon as possible. Negotiations are in progress at the present time to place a police liaison Agent in Asuncion, Paraguay. This assignment was once approved by the Ambassador but later disapproved by him. It is believed that the new Ambassador will be favorable to the assignment. We formerly maintained a liaison position in Nicaragua, but in January 1944 we were forced to discontinue it because of the political situation in that country. X 21

All the police liaison Agents have worked closely with the police of their countries of assignment and have been successful in obtaining cooperation and assistance in investigation of Bureau cases. Special Agent [redacted] the police liaison officer in Santiago, Chile, through his contacts with [redacted] was able to interrogate suspects in the FQZ clandestine radio ring, as well as to accompany the police on raids conducted in that case. Special Agent [redacted] in Ecuador and [redacted] in Peru were particularly successful in securing the cooperation of the Ecuadoran and Peruvian police in the deportation of Axis nationals to the United States. Many of the police liaison Agents have delivered lectures and given instructions to large groups of Latin American officers. While flying over an isolated region of Colombia our police liaison Agent in that country, [redacted] was killed in an airplane crash February 27, 1944. X 21

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Visits to the Bureau by Latin American police officials have tended to increase the cooperation of the police department affected with our Legal Attaches. During July and August of 1943, Dr. Plinio Milano Brasil, the Chief of the Political Police of the State of Rio Grande do Sul, Brazil, was a guest of the Bureau. The Bureau was visited in September, 1943 by Dr. Manuel Pulido V., Director of Investigations of the Venezuelan National Police. Major Joaquim Amaro da Silveira, Special Delegate for Political and Social Order of the Police Department of the Federal District of Rio de Janeiro was our guest in April 1944. As the fiscal year closed, Jorge Garreton (Garreton) Director General of Investigations of Chile, was able to accept the Bureau's invitation and arrived in the United States for a course of study. X 21

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Through the efforts of Dr. Sandoval Zwart, head of the Police Technical Laboratory in Santiago, Chile, there was organized for the last week in May 1944 the First Pan American Congress of Criminology, invitations to which were extended to leading police authorities in all countries of the western hemisphere. As the Director was unable to attend the Congress because of the pressure of business, Special Agent [redacted] visited Santiago and addressed the Congress in the name of the Director. His speech received much favorable comment in the Chilean Press. [redacted] headed the North American Delegation and was elected Vice-President of the meeting. 62

The Bureau's publication, the Classification of Fingerprints, after being translated into Spanish, was sent out in large numbers to all the Latin American offices of SIS in the fall of 1943 for presentation to Latin American police officials. This publication was well received by the Latin American officials in spite of the fact that many of them use a different system of fingerprint classification. 62

The Bureau forwards the FBI Law Enforcement Bulletin to all Legal Attaches. Several copies are sent so that they may be presented to leading police officials. In the spring of 1944 the FBI Pledge for Law Enforcement Officers was colorfully prepared in the Spanish language and distributed by the Police Liaison Agents and Legal Attaches to Latin American Police Officials. The Pledge was so well received that in the latter part of the year a Portuguese version was under preparation for distribution in Brazil. 62

As a result of the work of the Police Liaison Agents, many Latin American countries have increased their contribution of fingerprints to the Bureau's files. Late in June 1944 the volume of these contributions became so heavy that the Bureau began plans to have its standard criminal print cards translated into Portuguese and Spanish for distribution among the Latin American police systems. Also in June of 1944 the Bureau sent to all SIS offices a file of outstanding identification orders. One copy of each identification order, apprehension order and wanted flyer is now sent to each SIS office. 62

La Prensa of Buenos Aires, one of the world's leading newspapers, published an article concerning the Bureau in the spring of this year. This article commented very favorably on the Bureau's work. Similar favorable articles appeared in police publications in several Latin American countries, especially Chile and Cuba. The Revista de Carabineros in Quito, Ecuador, and Vida Policia of Porto Alegre, Brazil, carried articles concerning the Bureau's work and photographs of the officials of the Bureau. 62

The Bureau is endeavoring to place police liaison Agents in every Latin American country although as in the past the assignment can be made only after a request has been received from the country desiring the services of such an Agent. 62

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E. LIAISON

TRINIDAD X U

During the entire year a Bureau agent was assigned to the American Consulate at Trinidad, B.W.I., to act in a liaison capacity. Trinidad is one of the most important control points in the Western Hemisphere operated by the British. While all neutral vessels plying between Latin America and Europe do not stop at this port, all of those carrying mail are required to submit to a search by the Contraband Control and Censorship officers. In addition to the American intelligence services located on the island with the armed forces, all branches of the English intelligence services have representatives at Trinidad. The Bureau liaison officer maintains contact not only with MID, ONI and the State Department representative, [redacted] British Censorship and British Contraband Control. b1 b7D

On September 12, 1943, a Spanish-speaking agent was assigned as a replacement to Trinidad, where he assists in the interrogation of known and suspected Axis agents, and couriers who are either passengers or crew members aboard the neutral vessels. Because of this agent's language ability, he has been able to materially assist in the investigation of cases involving not only Latin America, but also the United States. [redacted] b1 b7D

[redacted] In addition, he has been able to assist in the investigation of cases within the Bureau's primary jurisdiction in the United States. These cover a wide diversification of cases, including Crimes on the High Seas, Selective Service, Fraud Against the Government, and others. X U

The work of this agent has become so voluminous that on May 9, 1944, a male stenographer was assigned to his office to assist him. This stenographer was transferred from Havana, Cuba. X U

It is known that the Axis powers are utilizing neutral vessels to obtain much needed strategic material such as platinum and industrial diamonds out of Latin America, and this Bureau Agent is able to play a part in the control of the flow of these strategic materials from Latin America to Europe by being in a position to assist at the searches and the interrogation of suspected individuals. X U

He is also, by virtue of his participation in the interrogations, to advise the Legal Attaches in the various countries of the impending arrival of individuals who are suspected of working for the enemy. X U

Some of the agents who have been apprehended at Trinidad who are representative of the general type are as follows: X U

Henri Catherin Gravet was recruited by the Spanish to work for the Japanese in the United States. He was apprehended December 8, 1943, and interrogated on the basis of SIS surveillance reports from Buenos Aires. X U

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Luis Morales Serrano was a German agent who gave much information during his interrogation which was known to be largely a fabrication because of SIS investigations in Latin America. &U

Joaquin Ruiz Goseaschoechea, Second Officer aboard the SIS "Cabo de Hornos", was arrested at Trinidad August 21, 1943, at which time he admitted that he had been in the service of the Germans for a considerable period. The occasion for his arrest was the discovery of a radio transmitter hidden in the second class bar of the ship, though it later developed that Ruiz apparently had nothing to do with secreting the radio there. &U b1

[redacted] b7D

[redacted] S

Manuel Perez Garcia was arrested at Trinidad on August 6, 1943, en route to Spain. He was Falange Security Officer in the Spanish Embassy at Buenos Aires, and chief contact between General Friedrich Wolf, German Air Attache, and espionage couriers aboard Spanish ships. Garcia was en route to Spain on a brief visit and to secure a cipher machine from Germany for Wolf. &U

Jose Francisco Javier Pacheco y Cuesta, a Cuban, was arrested while en route to Cuba on the "Marques de Comillas". He has been recruited in Belgium by the Germans and trained in Antwerp. He was connected for a time with the German service in Spain. &U

By virtue of this agent's position and liaison with the Naval authorities he was able to place at the disposal of ONI the technical resources of the FBI Laboratory. For some time the Navy had been bothered by the theft of morphine from First Aid kits with which each Navy plane is equipped. Because of the casualties being suffered by the Navy planes operated out of Trinidad, the morphine equipment was vitally important. It was considered by the Navy to be a serious and pressing matter. The Bureau was able to furnish a dye which was used to treat the cellophane-wrapped packages of morphine which led to the apprehension of the thief. &U

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JAMAICA

Because of the establishment of a liaison representative of the Bureau at Jamaica, success was achieved in obtaining close cooperation and unification of effort on the part of both British and United States interests in the coordination of intelligence matters of common interest to the two governments. The SIS representative closely observed the Censorship material and secured splendid results in the questioning of suspicious individuals travelling through Jamaica, some of whom were interned on that island for the duration of the war.

When it became known that many of the refugees brought to Jamaica from Europe had no intention to return to their native lands and were attempting to enter the United States for permanent residence, the FBI liaison officer materially assisted in the tightening of the British Foreign Travel Control Program. The program evolved provided that all refugees applying for United States visas would be interviewed by the Bureau liaison officer. It was found that a great many individuals travelling on Dutch passports obtained in Lisbon, Portugal, were of other nationalities. It was possible to check on their stories and disclose many fictitious histories, which resulted in the denying of exit permits and United States visas. This procedure provided a very important block to the possible infiltration of undesirable and subversive elements into the United States.

Through the interception of correspondence by Imperial Censorship made available to the FBI liaison officer, SIS representatives in Cuba were able to break up a large visa racket ring, the members of which had been bribing officials and obtaining visas for entry into Cuba. George Rawlings, the leader of the ring, and many of his associates are presently awaiting trial in Cuba.

Through the questioning of passengers aboard ships arriving in Jamaica and the analysis of correspondence examined by Censorship, much valuable information was obtained concerning occupied Europe. Through arrangements made by the Bureau liaison officer, copies of interrogations by British Contraband Control officers were made available to the Bureau.

With the decline of the strategic importance of Jamaica as a military base because of the successful waging of submarine warfare which practically eliminated this menace from the Atlantic, both British and American garrisons were considerably reduced. Because of the decline in activity in Jamaica and the consolidation of many British Censorship functions with their station at Trinidad, it was decided to remove the SIS liaison representative and close this post. This was accomplished on June 5, 1944.

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BERMUDA

As a result of having a liaison representative at Hamilton, Bermuda, the Bureau has been able to establish close coordination between the British and American Censorship, and also to cement firmer relations between the two intelligence agencies. Because of his liaison with the British Censorship, this Bureau Agent has been able to do much to aid in cases involving the transmission of information by espionage agents using the medium of microscopic dots and secret writing. It is interesting to note that the microscopic dots employed by the German espionage agents was originally discovered at Bermuda, and one of the first west-bound dots found in the [redacted] Case mentioned elsewhere herein was discovered at Bermuda by the Bureau's liaison agent. It proved to be of immeasurable value in subsequent investigation in New York and Mexico.

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In the fall of 1943 the Bureau SIS representative in Bermuda forwarded information obtained there concerning the interception of a letter from Portugal to one Manuel Martins in Philadelphia, Pennsylvania, which letter enclosed a photograph in which there was concealed one $1,000 United States note. Because of this, investigation was instigated in the United States in order to ascertain whether or not the addressee of this letter was being paid for his espionage activity by this means.

During the early part of 1944, when it became evident that the submarine menace to Allied shipping in Atlantic waters had been fairly certainly removed, both British and American military installations on the island became less important and the garrisons were considerably reduced by both forces. In addition, the British Censorship, in the interests of economy and efficiency, decided to consolidate their Bermuda Censorship Station with that operated in Trinidad. As a result the opportunities for service by the Bureau liaison officer at Bermuda were considerably lessened, and accordingly he was recalled to Washington on March 25, 1944, and no replacement was made.

F. PLANT SURVEY PROGRAM

The plant survey program of the FBI which was instituted in 1943 has been completed during the current fiscal year. It will be recalled that under the Delimitation Agreement entered into with the Army and Navy on November 22, 1942, the FBI agreed to survey strategic facilities in Latin America said to be vital to the Allied war effort, and to furnish experts in plant security to those countries where management and government officials desired their advice. XU

At the present time, FBI security officers are stationed in Brazil, Colombia, Chile and Cuba. During the current year similar officers have also been in Ecuador, Bolivia and Venezuela, but are withdrawn at the present writing. The good will and mutual cooperation which was fostered by the plant survey program in all the countries visited is being continued through these security officers and the Legal Attaches in the other countries where security officers are not stationed. XU

The liaison which was established with the British through that nation's Industrial Security Organization in Latin America is also continuing through liaison between the FBI and British representatives in Latin America and through the exchange of pertinent reports here. XU

Facilities in Argentina and Mexico were not surveyed because of the hostile attitude of the Government of the former and because it was against the wishes of United States Ambassador Messersmith in the latter. XU

The plant survey work done in each country is as follows: XU

Bolivia XU

All of the important tin and tungsten mines have been surveyed, as well as important power installations, and recommendations have been submitted to the appropriate persons, in addition to a comprehensive memorandum prepared for the Bolivian Government. XU

The important railroads in Bolivia are British-owned, and reports on them have been received from the British Industrial Organization and furnished to interested United States agencies. XU

American-owned air lines in Bolivia have been surveyed. XU

Brazil XU

Fifteen strategic ports in Brazil have been surveyed, as well as one railroad, four coal mines, the facilities of four American oil companies, and Pan American and Panair do Brasil Air Lines. A plant survey Agent is assigned to the American Embassy in Rio de Janeiro. XU

Chile X U

The copper mining and power facilities of the three large American-owned copper companies have been surveyed, in addition to the strategic port of Antofagasta, Chile, the Panagra Air Lines in Chile, and the oil depot at the port of Valparaiso. There is a plant survey Agent assigned to the Embassy in Santiago, Chile. X U

Costa Rica X U

The facilities of an oil company in Costa Rica were reported vital to the Allied war effort and have been surveyed. American-owned air line facilities have been surveyed there, as well as those in other Central American countries. X U

Cuba X U

In Cuba, a manganese company, a nickel mining company, a copper mining company, the main power facilities, and the American-owned or operated air lines have been surveyed. A plant security officer is stationed in Cuba. X U

Colombia X U

The only industrial facility reported as vital to the Allied war effort in Colombia is a state-owned railroad. This company has been surveyed. X U

The American-controlled air line in Colombia has been surveyed since the arrival of the security officer assigned there. X U

Ecuador X U

Due to the importance of balsa wood in the manufacture of bombers and as a substitute for cork, the balsa wood industry in Ecuador has been surveyed, which survey covered twenty-six different mills. In Ecuador, the facilities of the All America Cable and Telegraph Company, a large copper mining company, and the Pan American Air Line have also been surveyed. X U

Peru X U

Three copper companies, a vanadium company, two oil companies, Panagra Air Lines, and the port of Callao, Peru, have been surveyed. X U

The Ambassador in Lima has been very much interested in the survey project in his country. X U

Uruguay X U

Three meat packing companies, the state-owned power company, and the state-owned refinery have been surveyed, as well as the port of Montevideo, Uruguay. X U

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Venezuela X U

The oil facilities of Venezuela which are the only industrial facilities considered important were previously surveyed by a Bureau representative in an [illegible] capacity. It has, therefore, not been necessary to make additional surveys there. The air lines of the country have also been surveyed. X U

The following organizations have been surveyed in Latin America. It is pointed out that in a number of instances more than one facility belonging to an organization was included in the survey of that organization. X U

Argentina

Pan American-Grace Airways in Argentina

Bolivia

American Smelting and Refining Company
Bolivian Power Company
Bolivian Tin and Tungsten Corporation
Cia. Minera y Agricola Oploca
Compania Aramayo de Minas en Bolivia
Hochschild Minas
International Mining Company
Lloyd Aereo Boliviano
Pan American-Grace Airways in Bolivia
Patino Mines
Sociedad Empresa Estano de Araca

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Brazil

Baro Branco Minas
Butina Mine
Cresiuma Mine
Companhia Paulista de Estradas de Ferro
Jao Jeronimo Mine
Panair do Brasil
Pan American Airways
Port of Bahia
Port of Gabedello
Port of Fortaleza
Port of Maceio
Port of Manaos
Port of Natal
Port of Pelotas
Port of Porto Alegre
Port of Recife
Port of Rio Grande
Port of Rio de Janeiro
Port of Santos
Port of Sao Luis
Port of Vitoria
Standard Oil Company of Brazil
The Atlantic Refining Company
The Caldric Company
The Texas Company

Chile

Andes Copper Mining Company
Anglo-Chilean Nitrate Corporation
Braden Copper Company
Chile Exploration Company
Las Salinas Oil Depot
Lautaro Nitrate Company
Pan American-Grace Airways
Port of Antofagasta
Port of Valparaiso

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Colombia

Aerovias Nacionales de Colombia
Ferrocarril del Pacifico

Costa Rica

West India Oil Company

Cuba

Compania Nacional Cubana de Aviacion
Cuban Electric Company
Cuban American Manganese Company
Nicaro Nickel Company
Matahambre Mines

Ecuador

All American Cables and Radio, Inc.
Aserrio La Victoria Balsa Mill
Aserrio San Pedro Balsa Mill
Asseradero Borbon Balsa Mill, aka Sr. Jorge Raad Mill
Asserio America Balsa Mill
Asserio Aurora Balsa Mill
Asserio Santa Mora Balsa Mill
Aserradero Las Mercedes Balsa Mill
Balsera Guayaquil, S.A., Balsa Mill
Cia. Aserradora San Vicente (Balsa Mill)
Cotopaxi Exploration Company
Ecuador Balsa Mill
Ecuadorean Balsa Wood Company
Empresa Electrica del Ecuador, Inc.
Federico Figueroa Balsa Mill
Florida Balsa Mill
Hanna Balsa Mill
Inca Balsa Mill
International Balsa Company
Josefina Balsa Mill
La Propicia Balsa Mill, aka Padovani Mill
La Maria Balsa Mill
La Esfuera Balsa Mill, aka Sr. Plaza Mill
Libertad Balsa Mill, Esmeralda, aka Estupian
Libertad Balsa Mill, aka Granada Mill
Moderno Balsa Mill
Pan American-Grace Airways, Inc.
San Jose Balsa Mill, aka Plata Brothers Mill
San Pablo Balsa Mill
Santa Marta Balsa Mill, aka Luis Zatisabal Mill
Segundo Tambaco Balsa Mill
Sociedad Ecuatoriana de Asseradero, aka Eduardo Garcia Mill

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Peru

Cerro de Pasco Corporation
Duncs of Callao
Grace Arca Oil Company
International Petroleum Corporation
Vanadium Corporation
Northern Peru Mining and Smelting Company
Panagra Airlines
Peruvian Corporation (British Railroads)

Uruguay

Ancap Distillery and Refinery
Artigas (Armour) Meat Packing Company
National Meat Packing Company
Port of Montevideo
Swift and Company (Meat Packing)
Usina Power Company

Venezuela

Gulf Oil Company
Lago Petroleum Corporation
Mene Grande Oil Company
Pan American Airways
Royal Dutch Shell Company

Facilities of the Pan American Airways have also been surveyed in Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador.

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CHAPTER III - SELECTION AND TRAINING OF SIS AGENTS

During the first part of the fiscal year 1944 the regular five weeks training classes for Special Agents to be sent on SIS assignment were continued. The personnel for these classes was selected by the Administrative Division from the Domestic Field and the Special Agents selected were ordered to Washington on special assignment, where they received five weeks of study in either Spanish or Portuguese, supplemented by 32 hours of lectures concerning SIS work. The last of these classes commenced on August 30, 1943, subsequent to which time such classes were discontinued, as a sufficient number of Special Agents had been trained for SIS work based on current needs. XU

Since that date the selection of personnel for SIS assignment has consisted only of the securing of replacements for such personnel as had to be removed from foreign assignment. These replacements have been selected from Agents with previous SIS experience who had expressed a desire to return to SIS work and who had been removed form SIS in connection with the reduction of SIS personnel in November and December, 1943. XU

In September 1943 a program was instituted for the retraining of SIS Agents following approximately 18 months of continuous SIS assignment outside of the United States. Since that time Special Agents have been recalled at [illegible]month intervals, public business permitting, at which time they have attended the Bureau's regular In-Service Training Course and, in addition, been given supplemental training regarding code work and the security of communications and afforded an opportunity for conferences with supervisors at the Seat of Government regarding their work. Special Agents, particularly Legal Attaches, are also recalled to Washington upon occasion for conferences on special subjects, only, of course, in those instances where such conferences are believed of sufficient importance to justify the necessary expenditure for transportation. XU

A program has recently been instituted for the holding of quarterly conferences in the SIS field. These conferences, to be presided over by the Legal Attache, are to be held in each SIS office every 3 months and are to be attended by all Agent personnel except such undercover men as the Legal Attache feels should not attend for reasons of security. A program has also been instituted whereby the various Legal Attaches discuss with each Agent assigned to their offices the investigations being carried on by the Agent at intervals of approximately one month. In addition to allowing the Legal Attache to better supervise the work of his office, it is hoped that this program will permit Legal Attaches to further train the Agents assigned to their jurisdiction in SIS investigative procedures. XU

In May 1944, following the Bureau's decision to send female clerical personnel to SIS offices, a training school was held for such female personnel, which consisted of three weeks intensive training in all phases of SIS clerical work, general instructions regarding all phases of the SIS program, and practical work in the Chief Clerk's Office of the Washington Field Division. XU

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The personnel for this school was selected by the Administrative Division. A program has also been instituted in the SIS offices for holding monthly clerical conferences, presided over by the Legal Attache, in order to further train and keep up-to-date SIS clerical personnel.

At the present time plans are being made for an additional SIS training school for female clerical personnel. Plans are also under way for special SIS retraining schools which will consist of that portion of the Bureau's retraining program most applicable to SIS work combined with subjects which pertain only to SIS. These schools will be attended by Agents on SIS assignment and will be conducted by the Training Division.

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CHAPTER IV - COMMUNICATIONS AND TRANSPORTATION

During July, 1943 a Bureau radio station was installed in the American Embassy at La Paz, Bolivia. This station has been the last set up in the SIS network to the present time. In connection with the reduction in SIS personnel during the latter part of 1943, the installation of radio equipment which had been forwarded to Managua, Nicaragua was discontinued and no station has been installed there as yet. The stations in operation at Ciudad Trujillo, Dominican Republic and Port-au-Prince, Haiti were removed and plans for the installation of stations at Caracas, Venezuela; Buenos Aires, Argentina; and Mexico City, Mexico were discontinued. At the end of the fiscal year 1944, the Bureau had in operation radio stations in the SIS network at Havana, Cuba; San Jose, Costa Rica; Bogota, Colombia; Quito, Ecuador; Lima, Peru; Santiago, Chile; La Paz, Bolivia; Asuncion, Paraguay; Rio de Janeiro, Brasil and Montevideo, Uruguay. XU

Through the medium of this vast network of radio stations in Latin America there have been communicated 1,186,057 code groups. Schedules are maintained with each station daily. The use of these stations insures the Bureau of constant and accurate communication. It also eliminates delays of at least twenty-four hours when messages are sent from some countries by ordinary commercial cable. XU

It is interesting to note that during the recent revolutions in Ecuador and Bolivia, Bureau radio stations afforded the only means of communication to the United States. Ambassadors in these countries sent a total of 2,538 code groups to the State Department through Bureau stations. As a direct result of this excellent work the Ambassador in El Salvador has requested the Bureau to place a station in the American Embassy in that country. He too felt the need for such a station during the recent revolution in that country. Efforts are being made to comply with the Ambassador's request in the very near future. XU

All cables sent between the Bureau and the offices of the various Legal Attaches are handled through the Department of State. It was originally the practice to add a phrase at the beginning of such cables in State Department code stating, "For Hoover from _____" or "To _____ from Hoover." The encoding or decoding of this phrase at the State Department took a considerable amount of time and delayed our cable traffic. During January, 1944, the Bureau instituted the use of a standard code word as a prefix to such cables, indicating that they were either for the Legal Attache at the city to which they were addressed or for the Bureau if addressed to Washington. The word "Legat" is used on cables to Legal Attaches and the word "Tagel" on cables from Legal Attaches to the Bureau. The use of these code words eliminates the necessity for any encoding or decoding in the Code Room of the State Department and has resulted in saving about one day in the transit time on each cable. XU

A plan has been consummated whereby the Bureau's Liaison Officer in Trinidad will use the radio facilities of the War Department for direct XU

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communication with the Bureau. The use of such facilities will save a considerable amount of time in the transmission of messages which would ordinarily be sent through commercial cable companies. XU

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During the fiscal year 1944, several innovations were adopted in the handling of the mail to and from the various Legal Attaches. The envelopes bearing a post office box return address formerly used by the Department are used for Bureau mail and their printed package stickers for packages and large envelopes. The fact that such mail is from the Bureau is indicated by the marking "FC/1" being placed under the return address of the State Department. Mail for the Bureau from the offices of the various Legal Attaches is now addressed to Mr. [redacted] at the Department of State and marked in large letters in pencil or ink "FC/1." It has been found that the addressing of mail in this manner saves a considerable amount of time in its handling at the Department of State, it being routed directly to the Bureau from the State Department Mail Room. XU

As a result of considerable difficulty experienced with the Mail Room at the State Department in the designation of Bureau mail for the various diplomatic pouches, a policy has been instituted of placing the words "Secret" or "Confidential" on the outer envelopes of such mail by large rubber stamps, depending upon whether the mail is to travel by Courier Pouch or unaccompanied Air Pouch. These markings conform to the standard practice of the State Department. XU

The practice of having all Bureau mail for Legal Attaches tamper-proofed by the FBI Laboratory before it is transmitted has been instituted during the past year. The FBI Laboratory has also, at the request of the Department of State, conducted a series of tests on mail for the East Coast of South America to determine if the diplomatic pouches of the State Department were being tampered with by anyone while en route. These tests are still continuing at the present time. XU

During August, 1943 in order to reduce the weight of Bureau mail for Legal Attaches and thus cooperate with the Department of State, a supply of Bureau letter head paper of air mail weight was secured and its use instituted for all mail to Legal Attaches. It has been found that the use of this paper reduces the weight of the mail sent from the Bureau considerably and thus enables us to place a larger number of letters in the diplomatic pouches without increasing the total weight of the mail so transmitted. XU

During the past year the Bureau has established direct liaison with the United States Dispatch Agent in New York City, which greatly facilitates the handling of freight shipments to and from our Legal Attaches. Such shipments are still handled through the Supply Section of the Department of State insofar as the physical handling of the shipments are concerned. However, all questions arising in connection with such shipments are settled directly with the United States Dispatch Agent in New York XU

As of June, 1, 1944 a regulation was inaugurated by the Bureau of Internal Revenue making it no longer possible for transportation companies to X U

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allow Government employees tax exemption on transportation purchased with cash. In order to alleviate the necessity for Bureau employees assigned in open capacities to pay tax on their transportation, arrangements have been perfected with the Department of State for the use of Government Transportation Requests of that Department by our open employees. A supply of such requests has been secured from the Department of State, issued in blank, and these are in turn issued by the Bureau to those individual open employees requiring transportation. A memorandum copy of each GTR is then forwarded to the Department of State, together with a check in payment for the transportation purchased. $21

Toward the close of the fiscal year 1944, plans were completed to test, between Mexico City and the Bureau, the use of microfilm for the transmission of communications with a view toward transmission between the Bureau and all SIS offices for all communications except radio and cable messages and checks. The shipping of this microfilm by diplomatic air courier pouch in an undeveloped state is expected to result in a great saving of weight in the diplomatic pouches and greatly increased security with little or no loss in transmission time. $21

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CHAPTER V - NEW YORK SIS OFFICE

The duties of the New York SIS office are to establish relations with various commercial concerns who have branch offices in various Latin American countries. Through these relations the Bureau is able to place Agents in Latin America as representatives of these concerns. Agents are temporarily assigned to the New York SIS office to receive their necessary training in business of their cover company, as well as to arrange for their travel to Latin America. X U

During the fiscal year of 1943-44, the New York SIS office developed a total of eighteen new cover companies in addition to the fifty-seven cover companies already existing, making a total of seventy-five cover companies available to the Bureau's SIS program. During the same fiscal year, six cover companies were abandoned for reasons of Bureau policy. X U

Of the sixty-nine cover companies usable by the Bureau, all but ten have been studied for their future possible use to SIS outside the Western Hemisphere. The remaining ten as yet not approached were mainly those corporations with headquarters in the Mid-west. X U

During the same fiscal year, the Bureau's retrenchment program on SIS enabled the Bureau to reduce the Agent personnel in the New York SIS office by one Agent so that it is now maintained by the remaining Agent who is designated as in charge.

In the fiscal year of 1943-44, the New York SIS office's contacts have been used in major cases of the New York Field Division. In well over a dozen instances, at the request of the New York Field Office, the New York SIS office has been able to discreetly make useful arrangements to these major cases with high officials of SIS contact companies to the advantage of the investigation. In addition, sixty-five of the SIS contacts in New York have been set out in the form of confidential contact cards and are being integrated in the source of information indices of the New York Field Division. This should enable the New York Field Division to make further use in major matters, of the New York SIS contacts. The SIS contacts outside of the New York Field Division territory are not included in the above described index cards. X U

During this same fiscal year, one point was reached where 142 Agents were on SIS undercover assignments representing fifty-nine separate cover companies. Due to the retrenchment program, by July 1, 1944, this number was reduced to sixty-four Agents and Special Employees, representing thirty-six cover companies. The New York SIS office, during this retrenchment period, has maintained cordial relationship with those cover companies whose Agents on SIS have been withdrawn from Latin America. X U

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CHAPTER VI - COVERS AND COVER COMPANIES (U)

After successfully completing the SIS training, the agent is ready to depart for his post of assignment, [illegible] his assignment being of such a confidential nature, it is known only to [illegible] high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SIS Division. (U)

The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reason to send employees into Latin America. The covers available to the SIS Division include representative of [redacted] b7E b7D

concerns, and a variety of other occupations to which individual agents or special employees are particularly adept by experience and ability. Most of these companies give special training to the agents in order to familiarize them with their cover business. (U)

In addition to the listed active cover companies, there are forty-one companies which are not being used who have indicated their willingness to permit agents to proceed to Latin America and obtain intelligence information as their representatives. (U)

The presently active SIS cover companies are as follows: (U)

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CHAPTER VII – MAJOR ACCOMPLISHMENTS

A. SMUGGLING CONTROL

One of the most important phases of SIS work is that concerning investigation of cases involving the smuggling of strategic materials form Latin America to Axis Europe. The principal materials smuggled are industrial diamonds and platinum. (U)

It is difficult to estimate enemy requirements of industrial diamonds but it is believed that Germany's economy needs at least 500,000 carats in order to keep her war machine functioning efficiently. These industrial diamonds which are used in the production of high precision tools are not produced in any of the territories under the German control and it is only through drawing on her reserves and through the smuggling across the Allied blockade that she is able to satisfy this need for diamonds. Despite the fact that efforts are being made in Germany to find substitutes for diamonds, it is still necessary for Germany to obtain them from unoccupied territory. Latin America produces about five per cent of the world's output, Brazil contributing about 400,000 carats, French Guiana and Venezuela about 40,000 each and British Guiana about 20,000 carats, and since the Allies have driven the Axis out of Africa, this source, though small in percentage, is important because of its accessibility through Argentina. (U)

Although Brazil and Venezuela have done much to control the diamond production and marketing, many of the diamonds find their way into illegal channels and are smuggled to Buenos Aires, which is the focal point for all smuggling in Latin America. From there they are placed on board neutral vessels leaving for Spain and Portugal where they reach enemy hands. (U)

It has been estimated that Japan needs approximately 300,000 carats of diamonds annually to maintain its production of war materials and the only diamond fields in the Far East under Japanese control are those in Borneo, which fields have never produced more than 4,200 carats annually. Furthermore, the stocks of diamonds held in Java, another Japanese occupied territory, were believed to have been transferred to Ceylon and Australia before Japanese occupation and it is entirely possible that Japan is obtaining some of her material through the purchase of diamonds on the black market in neutral Portugal and Madrid. (U)

Platinum is also one of the strategic materials much needed by the enemy countries which have to draw on sources of this material outside territories occupied by them. Platinum is used as a catalysis for the manufacture of nitric acid, and because of its high melting point and resistance to acid corrosion, it is used extensively in electrical equipment. The metal is found in Alaska, Canada, United States, South Africa, Russia and Colombia. The Choco District in Colombia is the only producing area in Latin America and, while it is difficult to estimate the production in this district because of the amounts that go into contraband traffic, it is thought that is runs between 30,000 and 40,000 ounces per year. The production and marketing (U)

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of platinum is controlled by the Colombian Government, in that producers by law are forced to sell the metal to licensed dealers who must turn it over to the Central Bank of Colombia. Despite these measures however, much of the material is sold illegally and finds its way across the borders to Ecuador and then by devious routes to Buenos Aires. From this point, similar to industrial diamonds, the material is transported aboard neutral vessels to Spain and Portugal, where it is purchased by enemy representatives. X U

To date, there have been no evidences of enemy rings in Latin America purchasing and trafficking in these strategic materials, but it is only necessary to offer a high enough price in Europe to stimulate the flow of these materials to a place where they can be purchased by the enemy. Because of their nature and their high value and small bulk, it is difficult to control the smuggling activities. X U

The British navicerting system and the random searches of vessels at control points has acted as a deterrent to the flow of these materials to neutral Europe but it has not by any means stopped this traffic. The only really effective means of control is the obtaining of precise and specific information concerning anticipated smuggling of these materials and SIS representatives have [redacted] As a general policy for the investigating of smuggling cases, the Bureau interested itself in all cases of contraband activity involving strategic materials, but has only conducted investigations concerning other materials not in a strategic category when it is inspired by Axis interests or done for the benefit of blacklisted firms. With this in mind, SIS representatives have been able to [redacted] b7C b7D
General smuggling in Latin America is widespread and efforts are being made to [redacted] so that the Bureau b7E
may be immediately advised concerning clandestine shipments of platinum and diamonds and shipments of other materials when they are made for the benefit of Axis interests. X U b7C

As an aid in the investigation of these cases, [redacted] is b7D
maintained at the Seat of Government and the Field is periodically advised b7E
as to [redacted]. Information concerning them is obtained from the British authorities as a result of their [redacted] program; from [redacted] which organization [redacted] and from investigative reports by Bureau agents in Latin America. X U

The Legal Attache in La Paz, Bolivia has perfected arrangements with the police authorities of that country so that any individual, male or female, traveling by plane or train suspected of being engaged in smuggling, might be thoroughly searched at La Paz. All international travelers going north or south on the western side of Latin America either by plane or by train must pass this city, and it is expected that these facilities placed at the service of the Bureau will be of great assistance in controlling the U X

flow of strategic materials. Arrangements have also been made with [redacted] representatives so that they will purchase any platinum discovered as a result of these searches, to prevent its coming into the possession of Axis interests. b7C b7D

At the request of the United States Ambassador to Colombia, five Bureau agents in June of 1944 were assigned to work in Colombia exclusively on the investigation of cases involving the contraband traffic of platinum in that country. In the short space of time that they have worked there, much has been done to uncover the activities of those who are engaged in the illegal traffic in platinum.

The representatives of the office of the Legal Attache in Bogota, Colombia, have from time to time compiled information relating to the activities of smugglers and contrabandists dealing in platinum. As a result of SIS investigations, information concerning these contrabandists has been furnished by the United States Embassy to the Colombian authorities who indicated that they would take stringent action. The Colombian Government agreed to intern Axis nationals engaged in this contraband traffic; to repatriate non-enemy aliens who are likewise engaged; and to take strong action against Colombian citizens who are found to be active in platinum smuggling. The State Department and Naval and Military authorities look upon the control of platinum smuggling as being vitally important to the Allied war effort and have brought pressure to bear on the Colombian Government to act on information furnished by SIS representatives. As a result the Colombian authorities have placed tighter control on the production and marketing of platinum.

The United States Ambassador to Colombia presented the Colombian Government a memorandum setting forth information given him by the Legal Attache concerning the smuggling activities of seventeen individuals who were believed to be principal smugglers of platinum. Arrangements were made by the Colombian Government for the expulsion of these individuals from the country regardless of their nationality.

A representative of the Foreign Economic Administration, who conducted a survey of the platinum smuggling situation in Colombia, commented that he found that the FBI in Colombia was the only agency capable of taking any action with respect to the legal control of smuggling. He highly praised the SIS representatives and stated that in his estimation all of the individuals engaged in smuggling had been identified by them.

The SIS Liaison officer at Trinidad, B.W.I., has also done much to assist in the investigation of smuggling matters because of the fact that Trinidad is one of the main control ports for neutral shipping from Latin America to Europe. Many of the passengers and crew members aboard neutral vessels who are suspected of being engaged in smuggling are interrogated and searched at this point. The Bureau's representative there participates in the searches and the interrogations and is able to do much to further the investigation of these cases.

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In addition to platinum and diamonds there are other strategic materials available in Latin America, which are desired by enemy countries, such as quartz crystals, tungsten, cocaine, mica, tantalum and quinine. Despite the fact that rubber is not one of the materials which the Axis is interested in obtaining from Latin America, there is widespread activity in smuggling this product which concerns American authorities. Because of the extreme shortage of rubber in Argentina, both raw and processed rubber is being smuggled into that country from Bolivia and Brazil with the apparent consent of Argentine customs authorities. The situation is aggrevated because of the plentiful supply of gasoline in Argentina and the lack of any restrictions on the consumption of rubber. As a result, both private individuals and commercial companies are in dire need of automobile tires and tubes which shortage the Argentine officials have attempted to alleviate by the complete elimination of import tax on these articles. They have, in fact, encouraged the importation of any type of rubber goods regardless of whether or not the material has been exported from the contiguous countries legally. XU

The major portion of the rubber produced in both Bolivia and Brazil is by contract destined for the Rubber Development Corporation which processes and exports the rubber for the use of the United Nations. The price fixed by contract is approximately thirty cents per pound or about sixty five cents per kilogram. The same rubber in Argentina brings about $2.25 and upwards per kilo which makes contraband activity extremely profitable. Some of the rubber goods smuggled into Argentina have been found to be destined for black-listed firms and the general subject of rubber smuggling is receiving the attention of SIS representatives because of the fact that it reduces the supply of rubber for use by this country in the war effort. XU

There follow a synopsis of some of the representative cases worked on by SIS agents in Latin America. XU

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Through alert SIS representatives in Quito, Ecuador, a lucrative supply of platinum was cut off from the Axis, and the leader of the smuggling ring, [redacted], was apprehended at his Pebble Beach, California, home on July 20, 1943. He was sentenced by a United States Federal Judge in San Francisco to 18 months in jail for violation of the United States Censorship laws. More than 7,000 grams of platinum were transported by this ring from the producing region in Colombia to Argentina, where the metal undoubtedly reached Axis hands. The existence of this ring was first detected through [redacted], Ecuador. The communication contained what was suspected and later proved to be, double talk about platinum. It was determined that the platinum purchased in Colombia and carried to Buenos Aires, Argentina, in belts, was being purchased by Axis representatives. As a result of the investigation of this case, the identities of many individuals actively engaged in the smuggling of this metal were ascertained. This information has materially assisted in placing contraband control regulations in effect in Latin America, and has placed local police authorities on the alert for activities in this regard. XU

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SIS representatives in Ecuador and Colombia have [redacted] who have been active in smuggling platinum from Colombia to Ecuador. Details of their transactions were learned and the information was turned over to authorities in Quito, Ecuador. As a result both of these individuals were apprehended on March 7, 1944, and were found to be in possession of ten pounds of platinum which had been illegally transported across the Colombian-Ecuadoran border. X U

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This quantity of platinum at legal rates would be worth approximately $5,600 but the prevailing black market rates in Ecuador would be considerably over $10,000. X U

Signed statements were obtained from both these individuals in which they admitted illegally purchasing the platinum in Cali, Colombia, five pounds each from [redacted] both of Condoto, Colombia. All of the individuals involved in this case have long been under observation and investigation by SIS representatives and the apprehension of the two main subjects was made possible by [redacted] X U

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The subjects were turned over to the Colombian authorities together with the signed statements in which they admitted their guilt. They were, however, released by the Colombian authorities and are presently at liberty in that country. X U

For a considerable time Bureau agents in Colombia and Ecuador worked on the case involving platinum smuggling from Colombia to Ecuador by [redacted] All the investigation concerning him has been conducted by the offices of the Legal Attaches in both countries and the details were turned over to the Commandante of the Carabineros in Ecuador. [redacted] was apprehended on January 26, 1944, by Ecuadoran officials and contraband platinum weighing about three pounds was found in his possession and confiscated. He stated that the platinum was owned by [redacted] of Bogota, Colombia, and in signed statements he admitted having clandestinely transported the metal from Colombia to Ecuador from which place he attempted to sell it to various individuals in Havana, Cuba, and Buenos Aires, Argentina, at contraband prices. Through questioning of the subject the sources of the contraband platinum in Colombia have been ascertained and the identities of individuals in other countries who are active in the contraband platinum market have been learned. X U

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Recent investigation in Colombia has resulted in uncovering the activities of [redacted] together with a widespread ring of platinum smugglers. Reliable information has indicated that [redacted] for the past year, has made extensive purchases of platinum in Colombia and that he has smuggled the platinum to Rio de Janeiro and Buenos Aires. [redacted] was recently apprehended at Lima, Peru, through the cooperation of the Peruvian Police, after traveling from Colombia, and he has admitted his participation in platinum smuggling. He has admitted having smuggled out of X U

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Colombia forty-five pounds of platinum about December, 1943, and having purchased between April and early June, 1944, an additional forty-two pounds of platinum which he intended to smuggle out of Colombia by using two women accomplices. He states that this platinum is still in Colombia in the care of an accomplice by the name of [redacted]. The subject has expressed a [redacted] b7C
[redacted] b7C
In exchange, he has stated [redacted] in Colombia, including the Axis interests and the Argentine outlets. The investigation of [redacted] is continuing and it is believed that it will result in producing conclusive evidence as to the contraband activity of the already known prominent smugglers in Colombia and other South American countries. XU

[redacted] has long been known to the Bureau as a platinum smuggler. b7C It is known that he has supplied platinum to [redacted] in [redacted], Ecuador, which platinum was transported to Quito, Ecuador, where it was sold to [redacted] a former associate of [redacted] mentioned above. [redacted] was known to have many sources in Colombia through whom he could obtain the platinum which was to enter the contraband traffic. On January 18, 1944, [redacted] was apprehended at Ypiales, Colombia, on the b7C Colombia-Ecuador border in the act of smuggling a quantity of platinum across the border. The 20 grams of platinum found in his possession at that time was confiscated by the Colombian National Police, but [redacted] himself was subsequently released inasmuch as existing laws in Colombia do not provide for imprisonment of an individual found to be smuggling out of Colombia. XU

On July 10, 1943, [redacted], his two nephews [redacted] and [redacted], and approximately fourteen of his associates in Rio de Janeiro were apprehended by the police at Rio de Janeiro and were charged with illegal transactions in platinum. It was stated that his source of this metal was Colombia and that he was a courier who travels between Bogota, Colombia, and Rio de Janeiro. [redacted] is one of the largest platinum and diamond dealers in Brazil and he is associated in his illegal enterprises with [redacted], known smugglers, [redacted] and his associates were released approximately ten days after their apprehension. It has been alleged, although not definitely proven, that [redacted] is clandestinely obtaining African boart diamonds in the United States and selling them in Brazil. It has also been reported that [redacted] has been receiving platinum from the United States by having it melted into the base metal of radio tubes consigned to him but this, too, has not been proven. XU

The Legal Attache at La Paz, Bolivia, learned of the intended b7C clandestine shipment of a large quantity of rubber from Bolivia to Argentina. The information was furnished by him to the Director General of the Bolivian police on April 5, 1944, and shortly thereafter twelve individuals were apprehended by the latter at Santa Cruz, Bolivia. Approximately 10,000 pounds of rubber valued at about $4,600 was recovered. Some of the individuals involved were apprehended in the act of illegally transporting the rubber to the Argentine border. In all, twelve men were apprehended, but five of this X
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number taken into custody are believed not to be involved in rubber smuggling, but to be members of the PIR. The following mentioned individuals were, however, definitely linked with the contraband shipments: (U)

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The desire for the importation of strategic materials into Argentina is increasingly evident in activities occurring in South America. Several Argentine Army officers, including [redacted], were taken into custody on April 19, 1944, because of their activities in attempting to smuggle strategic war material from Chile to Argentina. The materials involved included nickel and copper and it was ascertained that they were destined for the use of the Argentine Army. (U) b7C

The three above-mentioned individuals were stated to have been employed by [redacted] alias [redacted] who was last known to be in Mendoza, Argentina. After their apprehension they gave signed statements setting forth the details of their activities in smuggling nickel and copper for the benefit of the Argentine government. Some thirty-three other individuals were involved. [redacted] confessed that he is a [redacted] in active status in the Argentine Army who was commissioned by Director General of Material of the Army in Buenos Aires to obtain nickel, zinc and other metals needed by the Argentine war industry. His district chief was [redacted] who worked in Chile under the name of [redacted] The organization was formed in November of 1943 and the chief purchasing agent was [redacted] The materials were taken via truck and mule from Ovalle, Chile, through Calingasta, Argentina, to San Juan, Argentina, from which place the shipments were taken by Argentine Army trucks. (U)

All three individuals were expelled from Chile on April 27, 1944, and were delivered to the Argentine authorities at the border town of Los Andes by the Chile Department of Investigations. (U)

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An informant has been developed in a smuggling ring which has been engaged in smuggling tires from Brazil to Argentina. This group is comprised of [redacted] and others. The ring apparently headed by [redacted] has planned to smuggle approximately 2,000 high-speed heavy-duty tires across the Argentine-Brazil border at Foz de Igassu. The plan was to have the tires brought to this border town by truck where the consignment would be met by a launch dispatched from the Argentine side of the river. However, on or about April 10, 1944, officers of the Brazilian Military Intelligence Department apprehended [redacted] and a short time later [redacted] At the present time they are incarcerated at Sao Paulo, Brazil, where they will undoubtedly be kept for the duration of the war. [redacted], however, left Brazil and is presently at liberty in Buenos Aires, Argentina. (U)

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B. ESPIONAGE ROUND-UPS

***Argentina** S U

On November 3, 4 and 10, 1942, memoranda were presented by the American Embassy in Buenos Aires to the Argentine Foreign Office requesting action against numerous Axis espionage agents operating in that country. These memoranda reflected the results of intensive investigation by SIS both in Argentina and neighboring Latin American countries. As a result, the principal individuals exposed in these memoranda were arrested by the Argentine Government and indicted. However, they were never tried nor convicted, and by the Summer of 1943, practically without exception, all were free and again active in Axis espionage affairs. During the last six months of 1943 SIS in Argentina was fully occupied with covering the activities of these individuals and developing information regarding the identity and activities of their numerous collaborators in the espionage field. S U

Information developed during this period left no doubt but that Buenos Aires was the center of Axis intelligence operations in the Western Hemisphere, the "Lisbon of South America", so to speak. Espionage and smuggling agents operated freely and with scarcely a pretext at disguising their true work. They collected detailed information regarding politics, economics, manufacturing, and the war efforts of Latin America and the United States. They gathered precious drugs, metals and equipment much needed in the Axis countries. To transport this information and equipment to the Axis governments they devised an elaborate courier system, utilizing passengers and crew members of Spanish ships plying between Argentina and Europe. For more urgent messages they set up powerful radio transmitters outside Buenos Aires. In addition, they made use of secret inks and handled bulky material by reducing it to microfilm. For their cohorts in Mexico they forwarded messages containing photomicrographs or dots. S U

SIS arranged through British authorities for several important subjects, notably Manuel Perez Garcia, a Spanish Security Officer, and Jose Olivera del Rio, a courier, to be arrested at Allied control points or on the high seas and interned. Regarding those who remained in Argentina, it was necessary to await the action of the Argentine Government. S U

The break in diplomatic relations between Argentina and the Axis on January 26, 1944, found SIS prepared with a wealth of detailed information regarding the organization and activities of the German, Japanese and Italian Intelligence organizations in Argentina. As a result, the Bureau was able to deliver a comprehensive memorandum to the State Department on the same date, pointing out the available evidence against sixty-five Axis agents considered the most dangerous to Allied security. This summary memorandum was also furnished to the Legal Attache in Buenos Aires and together with two memoranda prepared by the Legal Attache, formed the basis for a communication from United States Ambassador Norman Armour, to the Argentine Government. S U

Collateral with the break in relations and the considerable publicity surrounding the espionage mission of Oscar Alberto Helmuth, Argentine S U

Consul to Barcelona, the Argentine Government arrested some twenty Axis agents, including those who had been formerly exposed, arrested and released. By the end of February, 1944, Argentine police had taken into custody seventy-seven alleged Axis representatives. This total finally arose to 158 individuals, according to the best available records, and included the principal subjects in every major case under investigation by SI in Argentina. Many of those arrested were found to be only incidentally connected with subversive activities and were released after some questioning. Others were held for more extensive interrogation, while still others were found so deeply involved that they were held for criminal action. Figures as of May, 1944, indicated that thirteen of the most important subjects were being held in the central police station by the Buenos Aires Police Department on espionage charges while thirty-three others were confined in the Villa Devoto prison. (U)

Many of the persons included among those originally arrested had diplomatic or semi-diplomatic privileges and were released or placed under house arrest shortly thereafter. Beginning in March, 1944, the Argentine Foreign Office began to consider the question of repatriation of these diplomats and their families. By the close of the 1943-44 fiscal year these plans had proceeded to the place where arrangements were virtually complete for the return of 169 Axis diplomats to Germany via Spain on the Spanish ship "Cabo de Buena Esperanza", leaving Buenos Aires July 6, 1944. (U)

The foregoing arrests and repatriations have, of course, dealt a severe blow to Axis intelligence activities in the Western Hemisphere, since practically all of those activities were directed from Buenos Aires. However, information in the possession of SIS at the close of the year showed that this organization was still functioning in Buenos Aires although admittedly with somewhat diminished vigor. Covering the activities of this underground organization promises to furnish SIS in Argentina extensive investigative duties during the coming year. (U)

Chile (U)

A vital link in the German espionage system was stamped out during the year of 1943 as the result of action taken in Chile which identified and caused the detention by Chilean authorities of many espionage agents. During the early months of 1943, radio signals were intercepted which evidenced clandestine radio traffic by a German control station believed to be located near Hamburg, Germany, and a clandestine radio station using the call letters FQZ which was thought to be located in South America. (U)

The South American clandestine station was located at La Cisterna, a suburb of Santiago, Chile, after extensive investigation by SIS representatives. The occupant of the premises where the station was located was identified as Guillermo Kunzemuller (Rothmann). Continued inquiry by our representatives, assisted by [redacted] revealed that (U)

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the clandestine radio transmitter in Santiago was being used by members of a far-reaching espionage organization. In following the activities of the station, it was determined that the South American answer station, known as PQZ, discontinued broadcast to Germany with its last message on October 27, 1943. After this date it became apparent that members of the organization were afraid the authorities knew of their activities, and it was thought possible that the transmitting equipment in Kunsemuller's home would be removed. SU

The State Department was very much impressed with the evidence obtained by Bureau representatives indicating widespread German activities in Chile and other South American countries and authorized the presentation of information concerning this case to the Chilean authorities. On February 14, 1944, the Legal Attache at Santiago prepared a memorandum setting forth information concerning the activities of the PQZ espionage ring which was delivered to the Chilean Foreign Office by the American Ambassador. Simultaneously, a memorandum containing supplemental information was presented to [redacted] on a confidential basis. The Chilean authorities under the direction of [redacted] immediately instituted action to round up espionage agents involved in this matter. SU

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Guillermo Kunsemuller, a Chilean of German descent, was taken into custody on February 15, 1944, and after a lengthy interrogation confessed that he had operated the clandestine station known as PQZ and that he was identical with an individual known as Pedro, who operated a clandestine radio station known as NOI. This station had been active in Chile during 1942, but had ceased operations. Kunsemuller indicated Agusto Kroll (Coll) as being his immediate superior and also gave evidence implicating others in espionage activities as well as information which led to the location of the radio transmitter he had used in operating the station PQZ. Kroll, who had been previously identified as being involved in espionage work, revealed the true leader of the organization to be Fernando Francisco Timmermann (Buschung). He also disclosed the location of the radio transmitter used by Kunsemuller which had been buried in the garden at the rear of his home and revealed the whereabouts of another transmitter and short-wave receiver which had been buried in the garden at the residence of Hans Graner (Yjeitteles). SU

Graner was determined to have acted as a contact man for Kroll in his association with Humberto Peres (Caseres) who had been sent to Santiago from Buenos Aires by members of the German espionage system in Argentina for the purpose of working under the leaders of the organization in Chile. Peres was found to possess a short-wave receiver and admitted being involved in the activities of the organization. He also gave information regarding the activities of Victor Vouga, alias Rudolfo, who was an active agent in Chile during 1943 operating under directions of German authorities in Buenos Aires. Vouga was later identified as Heinz Lange, a well-known German agent who had previously engaged in activities in Brazil. SU

Paraguay and Argentina. It was determined that Lange had departed from Chile in December, 1943, and that the organization established in Chile by him was to continue operations under the direction of Eugenio Ellinger (Knoll). XU

Ellinger was identified as the individual known as Juan Valdes who had been associated with members of the PYL espionage group which was active at Valparaiso, Chile, during 1941 and 1942. Since the authorities had acted to break up the PYL organization in October, 1942, Valdes had been a fugitive whose apprehension was sought by the authorities. He was located and apprehended after information was obtained by SIS representatives which indicated he was endeavoring to obtain a false passport for the purpose of leaving Chile. Two of our representatives, namely [redacted] and Police Liaison Agent, [redacted] were present when the authorities took Valdes into custody after some gunfire and a chase. XU

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At the time the Chilean authorities began to apprehend and detain persons implicated in the activities of the PQZ organization, it was determined that Bernardo Timmermann had previously departed from Santiago and was in the south of Chile where it was feared that he might try to escape into Argentina. His activities were closely followed and he was apprehended by the Chilean authorities and returned to Santiago for interrogation. As a result of the questioning of Timmermann and the search of his home, evidence was obtained which established a far-reaching espionage organization formerly directed from the German Embassy in Santiago, but which had been turned over to the leadership of Timmermann following the repatriation of German Embassy officials from Chile in September, 1943. XU

It was ascertained that Ludwig Von Bohlen, former Air Attache to the German Embassy at Santiago, had been responsible for the espionage organization which had been developed through the assistance of other Embassy officials, including Wilhelm Hammerschmidt, Julius Mahn, Dr. Erwin Wolf, Arthur Kast and Wilhelm Thoem. These individuals had recruited persons loyal to Germany or sympathetic to the Axis cause who would supply information beneficial to the German war effort. Some were trained in the use of codes and secret ink writing. Others acted as couriers or liaison agents between persons who supplied information and the leader of the organization. Still others endeavored to establish a system of agents who would report information regarding the movement of Allied vessels along the west coast of South America. XU

Upon the departure of Von Bohlen, Timmermann was designated to act as the leader of the organization. He received funds in the amount of approximately $200,000 in United States currency, was instructed in the use of secret inks and codes by Von Bohlen and Julius Mahn, and received records of prior activities of the group from Von Bohlen. A search of his home revealed a large quantity of United States currency, and he disclosed the identity of individuals he had designated to hold other sums of United States currency for safe-keeping. XU

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Frank Timmermann, Gerardo Krohe (Wilhelms), Kurt Vietl (Hamberriesor' Juan Hladomyr Easterwayer (Emil), and Max Kuhnner Bembel there was obtained the amount of $174,150 in United States Currency, as well as Chilean and Argentine currency valued at $27,500. In the basement of Timmermann's home was found a well-equipped photographic laboratory which was used in reducing espionage reports to microfilm which was transmitted by courier to Buenos Aires. One of the principal couriers used by Timmermann was stated to be Federico Bade (Roth) now residing in Buenos Aires, Argentina. XU

Timmerman also possessed data regarding the code used in the PYL radio circuit, other codes used by radio transmission to and from Argentina, codes to be used in secret writing letters to Argentina, and others for the use of agents in intra-country communications. Formulas for several types of secret inks were found. Timmermann admitted his participation in espionage activities and advised that upon the departure of Von Bohlen, he was informed that he should contact General Friedrich Wolf, Military and Air Attache to the German Embassy at Buenos Aires should he desire assistance. X U

Timmermann confirmed the role played by his sub-agent, Agusto Kroll, and the agents under the direction of Kroll, including Cramer, Peres, and Alberto Collell (Rooo) who supplied information obtained from Chilean Military authorities and Communist reports. Others under the direction of Timmermann included Hans Joachim Heinke (Dietze), who controlled a group of agents operating between Valparaiso, Chile and Santiago, which group had for its principal purpose, the submission of information regarding Allied ship movements. Those working with Heinke included Ilse Blanca Dorrer (Wagner), Karl Ernst (Gudenschuager), Carlos Ciemza (Steele), and a member of the Chilean Investigaciones, Armando Cespedes (Cespedes). Following the disclosure of the activities of Cespedes, he was dishonorably discharged from the Investigaciones before a public gathering. XU

Other evidence seized from Timmermann which had been left in his possession by Ludwig Von Bohlen, included documents and reports submitted by various agents, receipts signed by agents for various expenditures, blank Chilean carnets, various passports including blank Chilean and Spanish passports which were to be used to assist German nationals possessing technical experience to return to Germany, various seals of official governmental departments of Chile and Bolivia, and other data. One espionage report disclosed information regarding United States planes, air training, and training accidents, which was allegedly obtained from Lieutenant Emilio Schonherr, a Chilean air force lieutenant who recently returned from the United States after extensive training in this country. It is possible that this information was obtained by Kunzemuller as a result of a casual conversation with Schonherr as the report stated that the information had been supplemented with data obtained from periodicals. Another document of interest was a memorandum concerning the experience gathered by the leaders and members of the espionage ring, which set forth the mistakes made by the agents involved in the PYL espionage case. From the evidence it can be concluded that Von Bohlen was directing the activities of the PYL group. X U

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Among the receipts signed by agents working for Von Bohlen which were recovered from Zimmermann were several receipts signed by Dunkel. The agent using this cover name was identified as Guillermo Hellemann (Crewe) who, assisted by his wife Anna Bredenkamp de Hellemann, collaborated with Alberto Heise (Leitmann) in obtaining various technical magazines from the United States. Hellemann was also found to have been active in establishing a group of agents throughout the northern part of Chile for the purpose of reporting shipping information. Hellemann and his wife were detained by the authorities, and while being held in custody, Hellemann's lawyer tried to release him on a writ of habeas corpus. The authorities immediately obtained from President Rios an order for his expulsion from the country. Through action by our representatives and cooperation with the American Embassy officials, Hellemann was removed from Chile in the plane of the United States Military Attache to Talara, Peru. Hellemann was subsequently brought to the United States where he was thoroughly interviewed by a Bureau representative. FBI

Investigation with regard to the PQZ organization led to information which revealed the existence of a second group of espionage agents known to have operated in Chile. This group was dependent upon the German banks in Santiago for its leadership; however, direction of the group was believed to be handled from Buenos Aires, Argentina, although it is known that individual members cooperated at times with Ludwig Von Bohlen. Following the break of relations with the Axis by Chile it appeared there was some question as to whether the group operating through the banks would be reorganized. Von Bohlen did not favor such action; however, Victor Vouga, alias Rudolfo, arrived in Santiago from Buenos Aires, and it is believed that Vouga established an organization separate from that operated from the Embassy by Von Bohlen which took the place of the organization directed through the German banks. While in Chile, Lange or Vouga, associated with Herbert Schlosser and his wife Gertrudis, who traveled to Argentina with Lange when he departed from Chile, and were later apprehended by Argentine authorities for espionage activities. FBI

Other individuals reported to have been dependent on the German banks were Ernesto Schluter (Biersterfeldt), now in Argentina, and Waldemar Koeser (Bartels), presently in custody of the Chilean authorities. It is to be noted that Humberto Peres, who has been previously mentioned as working with Kroll, stated that he had been introduced to the work of German espionage activities by Degli Uberti (Heal), well-known Paraguayan nationalist and Nazi sympathizer. While in Argentina, Peres advised he was associated with the operation of a radio station at two different locations during which time he was working with Dr. Alves and one Emilio. Alves has since been identified as Juan Otto Shurrer Stolle, a German agent presently in custody of the Buenos Aires police. Peres was directed to Santiago in September, 1943, for the purpose of acting as a reserve radio operator and while in transit to Chile was used as a courier for two sealed documents addressed to Heinse Lange. FBI

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A third group of espionage agents operating independently from the others was determined to be occupied solely with political activities in South America. This group was headed by a Eugenio Langer. Langer is reported to have arrived in Chile some time during 1941 or 1942 to set up a radio transmitter at Quilpue, Chile. He was stated to have been working in conjunction with two Peruvian refugees, Luis Flores (Medina) and Victor Perez (Santiesban). The purpose of this group was to bring about a political revolution in Peru. However, the project was a failure. The radio transmitter was removed and Langer is now believed to be in Argentina. XU

It is to be noted that members of the PQZ espionage ring, as well as other organizations operating in Chile, have dispatched agents to Peru for the purpose of obtaining information regarding that country as well as information concerning activities of the United States within Peru. A close connection has been noted between the German espionage organization in Chile and that which is known to exist in Argentina. This fact is further evidenced by the flight of numerous individuals in Chile to avoid prosecution or disclosure of their activities in this case as well as in the PYL Espionage Case. XU

Individuals known to have been involved in the PYL Case who have been implicated in the current investigation of the PQZ ring include Heinrich Heiners, Hans Blume, Freidrich Von Schulz-Hausmann, Johann Peter Szeraws, all of whom are now believed to be residing in Argentina. XU

At the present time prosecution of individuals detained by the authorities is in the hands of Judge Luis Maquedano (Lira) of the circuit court at Santiago. Action of the court has been slow and efforts of the judge at the present time have left much to be desired from a standpoint of effective action. XU

Of the fifty-six individuals detained by the authorities, twenty-six are reported to be presently in custody, six have been released under bond, and the others have been questioned by the court and released without bond. In all, a total of ninety individuals have been implicated in German espionage activities in Chile, including those detained and those who have fled to Argentina to avoid prosecution. Three radio transmitters have been seized by the authorities, the molten remains of a fourth transmitter recovered and the whereabouts of a fifth transmitter determined. This latter unit was reported to have been thrown in a river at Santiago to avoid seizure. Three short-wave receivers have been taken from subjects involved and two power units used with the radio transmitters have been located. This equipment, with the large amount of funds confiscated from Tiemermann and his assistants, is now in the possession of authorities awaiting disposition by the court. XU

The names of all individuals who have been detained by the authorities, including those who have been implicated in the activities of the PQZ organization in Chile, are listed below: XU

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1. Bernardo Francisco Timmermann (Kusching), holds dual citizenship, German and Chilean. Arrested February 19, 1944; still in custody.

2. Gertrudis Frieda Bothke (Bade), Chilean, wife of Timmermann. Arrested February 19, 1944; at present at her home at the disposition of the judge.

3. Hans Joachim Heinke (Dietze), German. Arrested February 21, 1944; still in custody.

4. Augusto Kroll (Goll), German. Arrested February 17, 1944; still in custody.

5. Vilma de Kroll, wife of Kroll, German. Arrested February 17, 1944; released March 1, 1944.

6. Hans Cramer (Yjeitteles), German. Arrested February 17, 1944; still in custody.

7. Elena de Cramer, German, wife of Cramer. Arrested February 17, 1944; released March 1, 1944.

8. Humberto Perez (Caceres), Paraguayan. Arrested February 19, 1944; still in custody.

9. Adolfo Adorno (Cespedes), Paraguayan. Arrested February 19, 1944; released March 1, 1944. Adorno was determined to be a friend of Perez, who advised that he was not engaged in espionage work nor did he have knowledge of such activities.

10. Guillermo Kunsemuller (Rothmann), Chilean. Arrested February 15, 1944; still in custody.

11. Gisela Koth Schober de Kunsemuller, German, wife of Kunsemuller. Arrested February 15, 1944; released by the judge on March 3, 1944.

12. Manuel Rivera (Belmar), Chilean. Arrested February 16, 1944; released by the judge March 1, 1944. Rivera resided at the residence of Kunsemuller and though he was believed to have known of Kunsemuller's activities, no evidence has been obtained indicating he was involved.

13. Klaus Krebs (Wilckens), Chilean. Arrested February 22, 1944; still in custody. This individual was implicated in the disposition of a radio transmitter.

14. Diego Majardo (Carrasco), Chilean. Arrested February 21, 1944; released March 1, 1944. Rearrested March 2, 1944; released on bond June 22, 1944. Majardo was implicated in the disposition of a radio transmitter.

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15. Waldemar Koeser (Bartels), German. Arrested February 21, 1944; still in custody.

16. Heinz Pfeiffer (Schulze), German. Questioned on February 29, 1944, implicated in case, and formally arrested April 1, 1944; released April 6, 1944. Pfeiffer was implicated in the disposition of a power unit.

17. Carlos Otto Bruhn (Petzold), Chilean. Arrested February 26, 1944; still in custody. Bruhn has been established as the liaison agent between Agusto Kroll and Alberto Collell.

18. Alberto Collell (Loca), Chilean. Arrested February 26, 1944; since released.

19. Juan Baldomero Westermeyer (Kuhl), Chilean. Arrested March 8, 1944; released March 17, 1944.

20. Gerardo Krebs (Wilckens), Chilean. Arrested March 8, 1944; still in custody.

21. Kurt Veitl (Hauberrisser), Chilean. Arrested March 8, 1944; released March 17, 1944.

22. Max Kutzner (Vonhof), German. Arrested March 11, 1944; released March 17, 1944.

23. Ricardo Krebs (Wilckens), Chilean. Arrested March 11, 1944; still in custody. Ricardo Krebs was apprehended when he presented himself at the office of the Investigaciones to inquire for his brothers Gerardo and Klaus. It had been established that he was the individual using the name Eurizo who was to be held in reserve by Timmermann for possible future activities.

24. Ilse Blanca Horrer (Wagner), Chilean. Arrested March 9, 1944; released on bond July 6, 1944.

25. Jurgens Luders (Schneider), German. Arrested February 26, 1944; released March 1, 1944. Luders was implicated by Kroll who advised that on orders from Timmermann, he obtained from Luders a package containing a radio receiver which was delivered to Humberto Perez.

26. Herbert Cundermann (Foerster), German. Arrested February 26, 1944; released March 1, 1944. This individual was apprehended when he appeared at the office of Timmerman to report for work. He has not otherwise been implicated.

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27. **Pedro von Matsyansky, Pole.** Arrested February 26, 1944; released March 1, 1944. This individual worked as a gardener for Timmermann and has not been implicated in other activities.

28. **Eugenie Ellinger** (Knoll), German. Arrested February 24, 1944; still in custody.

29. **Jorge Ebensperger** (Grassau), Chilean. Arrested February 25, 1944; still in custody. He was implicated through association with Eugenie Ellinger, alias Juan Valdes.

30. **Renate Adela** Ebensperger (Grassau), Chilean. Arrested February 25, 1944; released on bond July 6, 1944. He was implicated through association with Eugenie Ellinger, alias Juan Valdes.

31. Elena Grassau (Schwank), Chilean. Arrested February 25, 1944; released February 27, 1944.

32. Catalina Heinbockel (Arp), German, viuda de Mostovisky. Arrested February 26, 1944, questioned and immediately released. Other-in-law of Herbert Schlosser, not otherwise involved.

33. German Winterhalter, German. Arrested February 25, 1944; released February 27, 1944. Rearrested April 1, 1944; released April 6, 1944. Winterhalter was implicated when a photograph was found in the possession of Alberto Perez containing his picture with that of Ellinger, Melitta Tietz, and Herbert Schlosser. He has not otherwise been involved.

34. Armando Cespedes (Cespedes), Chilean. Arrested March 11, 1944; still in custody.

35. Hilda von Plate (Timmermann), Chilean. Arrested March 11, 1944; still in custody. This individual was used by Von Bohlen as a code clerk, formerly employed in the German Embassy and was at the time of her apprehension, employed in the Swiss Embassy.

36. Walter Thiesse (Bruggemann), Chilean. Arrested March 11, 1944; released on bond June 19, 1944. Thiesse was implicated by Timmermann who stated that he had a radio transmitter in his possession used by the espionage group. He admitted associating with Koesser, Heins Lange, and others in espionage activities and having possessed radio equipment.

37. Juan Moller (Petersen), German. Arrested March 11, 1944; still in custody. Moller possessed a radio transmitter which was destroyed by burning. The molten remains of this transmitter were recovered by the authorities. This instrument had been delivered to Moller by Heinrich Reiners and Hans Blume.

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38. Helmuth Hanne, German. Arrested March 12, 1944; released March 27, 1944. Hanne was implicated in the disposition of the transmitter found in Moller's warehouse.

39. Hermann Gerstenmaier (Lauffer), German. Arrested March 13, 1944; released approximately March 28, 1944. This individual was implicated by Timmermann as possessing radio equipment used by the organization. A search of his home failed to reveal radio apparatus.

40. Enrique Tiedemann (Flaggeman), German. Arrested March 16, 1944; released on bond June 22, 1944. Tiedemann was implicated in the disposition of the radio transmitter which was thrown in the river at Santiago.

41. Heinrich Gerhard Brunken (Jansen), German. Arrested March 16, 1944; released on bond June 22, 1944.

42. Carlos Orrego (Renald), Chilean. Arrested March 17, 1944; still in custody. Orrego has been suspected of being engaged in espionage activities for a long period of time. He was implicated by Walter Thieme and Waldemar Koessler as having sold a radio transmitter and assisted in the installation and operation of this unit. At the time of his apprehension, he was en route to Argentina.

43. Theodor Fuchs (Schmid), German. Arrested March 19, 1944; still in custody. Theodor Fuchs has been known to be a professional informant although no information connecting him with espionage activities has been obtained.

44. Heinrich Oellerich, German. Arrested April 3, 1944; released April 10, 1944. Involved in the activities of Guillermo Hellesann.

45. Engelhardt Graf, German. Arrested April 1, 1944; released April 6, 1944.

46. Cesar Frias, Chilean. Arrested March 1, 1944; still in custody. Frias operated as an agent for Karl Ernst.

47. Franz Hilger, German. Arrested April 1, 1944; still in custody. This individual has been implicated as an agent for Ludwig Von Bohlen.

48. Gerd von Plate, Chilean. Arrested April 1, 1944; released April 6, 1944.

49. Carl Ernst, German. Arrested April 2, 1944; still in custody.

50. Father Francisco Martinez, Spaniard. Arrested April 2, 1944; released same day. Implicated in the activities of Heinz Lange, alias Victor Vonga.

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51. Isabel Pidgrit (Reimers), Chilean. Arrested April 2, 1944; released on bond July 6, 1944. This individual was very active in the FTL espionage group and was one of the first contacts of Ramsenmiller upon his return to Chile from Germany.

52. Annie Bredenkamp de Hellemann, German. Arrested April 1, 1944; still in custody.

53. Guillermo Hellemann (Crewe), German. Arrested April 1, 1944. Deported to the United States.

54. Wilhelm Reichmann, German. Arrested April 1, 1944; still in custody. Employer of Bernardo Timmermann and former German Consular at Santiago. Brought into the case through his association with Timmermann.

55. Harold Sievers (Ponce), Chilean. Interviewed on April 14, 1944, in Santiago after which he returned to his post in Valparaiso. It is alleged that Von Bohlen obtained military information pertinent to Chile from this individual who used the cover name of Erwin Rommel. Sievers is a sub-lieutenant in the Chilean Army.

56. Lucinda Silva (Vargas), Chilean. Arrested April 15, 1944, still in custody. At the time of her detention, she was employed at the University of Concepcion. She was involved by documents found in the possession of Timmermann which disclosed she had traveled to Bolivia for the purpose of obtaining espionage information.

Orders for the arrests of the following individuals have been issued by Judge Luis Baquedano of the Circuit Court as the result of investigation and interrogation of the subjects by the judge.

1. Heinrich Reimers, German. Now believed to be in Argentina.
2. Hans Blume, German. Now believed in Argentina.
3. Friederich von Schulz-Hausmann, German. Now in Buenos Aires.
4. Johann Peter Saerews, German. Whereabouts unknown.
5. Oscar Bade, Chilean. Now in Buenos Aires.
6. George Gunther, German. Now in Argentina.
7. ------ Fransl, German. Now in Argentina.
8. Mrs. Oehring, German. Now in Argentina.
9. Walter Mayer, German. Whereabouts unknown.
10. Carlos Nordhorst, German. Presently in Chile.
11. Federico Kaven, German, repatriated to Germany.
12. Melitta Tietz, Chilean, now in Argentina.
13. Ernesto Schluter (Biesterfeldt), German. Now in Argentina.
14. Hans Lange, German. Whereabouts unknown.
15. Herbert Schlosser (Gerzhofer), German. Under arrest in Argentina.

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The following individuals have been called before the Court by Judge Rogueness for questioning, and have been released:

1. Mrs. Hemschoel
2. Hans Hofbauer
3. Father Francisco Martinez
4. Bois Bruhn
5. Tito Schauenberg

Other individuals implicated in espionage activities are as follows:

1. Ludwig von Bohlen, repatriated to Germany.
2. Federico Giesza (Steele), Chilean. Now in Buenos Aires.
3. Carlos Giesza (Steele), Chilean. Now in Buenos Aires.
4. Waldemar Federico Bade (Roth), Chilean. Now in Buenos Aires.
5. Arnold Siemsen von Issendorff, German. Residing in relegation in Chile.
6. Eugenio Langer, German. Whereabouts unknown.
7. Hermann Eggers, German. Residing in Chile.
8. Gertrudis Hostovisky de Schlosser, Chilean. In custody of Buenos Aires Police.
9. Luis Alberto Flores (Medina), Peruvian, residing in Chile.
10. Victor Perez (Santiesban), Peruvian, now residing in Chile
11. Guillermo Gomez (Roosevelt), Chilean, residing in Santiago.
12. Lieutenant Colonel Gonzalez, Chilean, member of Military Intelligence.

Colombia

After a great deal of negotiation with the Colombia Government, Hermann Heinrich Rullhusen, who had been identified as a German espionage agent by SIS in Colombia, was deported by the Colombia authorities in April, 1944, to Panama. He was thereafter brought by Army plane to the United States and interned at Camp Kenedy, Texas, where he was interrogated by Bureau agents. When he realized that conclusive evidence as to his activities as an espionage agent was in possession of the Bureau, he gave a comprehensive statement as to his recruitment, training and activities as a German espionage agent.

Rullhusen was unable to furnish positive information that Ludwig Bischoff, formerly of Dallas, Texas, and now of Fresno, California, is a German agent, despite the fact that Bischoff furnished Rullhusen with radio transmitter parts and money, which money had been sent to Ludwig by Johannes Bischoff of Bremen, Germany, an official of the Bremen Ast. Rullhusen stated that Ludwig should have known that he, Rullhusen, was an agent when he had sent the radio transmitter parts, but as no one had ever told him that Ludwig was one of the Bremen group, he could not positively so state.

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Hullhausen did, however, furnish information regarding Waldemar Othmer, presently in Knoxville, Tennessee, which conclusively stamped Othmer as an agent. Othmer was engaged in radio training in Bremen along with Hullhausen and others in early 1943 under the direction of Johannes Bischoff, and Hullhausen positively identified a picture of Othmer in Norfolk, Virginia, as the individual with whom he received espionage training. Intensive investigation of Othmer is now under way and prosecution of him will be sought in the near future.

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9. EXPULSION AND INTERNMENT OF AXIS NATIONALS

As few countries in Latin America possess security laws which enable them to control or ultimately handle nationals of Axis countries, the program of deportation and internment of dangerous enemy aliens has assisted materially in reducing the danger presented by the presence of such individuals in the Western Hemisphere. Since the inception of the SIS program in Latin America, Bureau representatives have been constantly on the alert for information regarding individuals who present a threat to the security of the nation in which they reside. ~~S~~U

The magnitude of this work can easily be recognized by the fact that there are presently interned in the United States 2,113 Axis nationals who have been deported from South and Central America. This figure does not include the 2,584 German, Japanese and Italian nationals who have been repatriated to their native lands after their removal from Latin America. SIS representatives have participated in the expulsion program in all Latin American countries where established, and our representatives have been responsible for obtaining and correlating information concerning those persons considered dangerous, presentation of information to the several governmentals of Latin American republics through the American Embassies, assisting in drawing up the program and procedure to be followed in the actual expulsion and compiling data for the Alien Enemy Control Unit of the U. S. Department of Justice for approval to intern such individuals in the United States. ~~S~~U

The several nations of Latin America have handled the control of dangerous Axis nationals in varied ways. Some countries, such as Brazil, Cuba and Mexico, have provided their own internment camps, while Chile, acting under a new security law, relegated the individual to a forced place of residence; and countries, such as Peru, Ecuador, Bolivia and the Central American countries have caused the expulsion of the individual from the country for internment in the United States. ~~S~~U

In most instances the Republics of South America (though not of Central America) have looked upon deportation of an alien to the United States for internment as interference with the sovereign right of the nation to control and regulate the movements of aliens within the borders of the country. Other than repatriation of diplomatic officials and those voluntarily returning to Germany, countries such as Paraguay and Uruguay, have not taken action to intern or expel citizens of Japan, Germany and Italy. Of course, in Argentina no action was taken to control or deport Axis nationals as that country has only recently broken relations with the Axis and at the present time negotiations have only proceeded to an extent as effecting diplomatic representatives and their return to their native country. ~~S~~U

Chile ~~S~~U

The first effort by the Republic of Chile to control dangerous Axis nationals resulted following the passage of a public law empowering ~~S~~ U

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the President to designate places of forced residences for foreigners residing in Chile. This law was first effective on January 4, 1943, and extended for a period of six months. During this time approximately two hundred aliens of German and Japanese nationality were relegated. This security law was re-enacted and continued from July 4, 1943, during which time fifty-one persons were ordered to reside in a forced place of residence. This program has continued under a re-enactment of the security law effective January 4, 1944, at which time ninety-one Axis nationals including seventy-nine Germans and twelve Japanese were relegated. X U

In most instances the persons who have been subjected to forced residences in Chile are individuals concerning whom information has been obtained regarding subversive or espionage activities as a result of investigation by SIS representatives. These individuals have been approved for internment in the United States based on information developed by Bureau representatives; however, the Republic of Chile has declined to take such action inasmuch as its officials believed its sovereign right of controlling aliens within its borders would be jeopardized. X U

The effect of the control established by the Chilean Government would be of material assistance to the security of the hemisphere if carried out as planned. However, the program has numerous weaknesses in its administration, such as lack of control over correspondence, exemption from daily registrations in many instances, and freedom of travel, which render the regulation ineffective. X U

It is known that many individuals now subject to the regulations of the relegation decree, including Alberto Julio Von Appen Oestmann, Hans Hofdauer, Isabel Piderit de Reiners, Bruno Dittman, and others, were engaged in German espionage activities and have not otherwise been controlled by prosecution under security regulations. X U

In the investigation of the PQZ espionage ring certain documents were obtained from Bernardo Timmermann, leader of the organization, which established the role employed by Guillermo Hellman (Grewe) as an espionage agent for Ludwig Von Bohlen, former Air Attache in the German Embassy in Santiago. Hellmann was detained by the authorities, and when his lawyer attempted to attain his release by writ of habeas corpus, the Chilean Investigaciones secured an order for his expulsion from the country which was signed by President Rios. X U

SIS representatives through the cooperation of other Embassy officials and upon authority from the State Department was successful in effecting the deportation of Hellmann by United States military plane to Talara, Peru, following which he was subsequently removed to the United States for internment. X U

It is believed that a valuable precedent has been established in this instance which may result in future action by the Chilean Government to remove dangerous German nationals to the United States for internment. X U

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Peru ~~X~~ U

The Republic of Peru was [redacted] the first South American nations to cooperate with the American Government by expelling dangerous German, Japanese and Italian nationals from the country for ultimate internment in the United States. There have been 2,239 Axis nationals removed in accordance with this program. ~~X~~ U

During 1943 a major part of the work of SIS representatives located in Peru consisted in correlating information and conducting investigation with regard to the activities of Axis sympathisers. Lists were compiled of dangerous Axis nationals which information was submitted for approval with regard to internment of the subjects in the United States. In those instances where the information was deemed sufficient as to warrant such action, appropriate memoranda compiled by the Legal Attache was submitted to the Peruvian Government in order to effect the expulsion of the Axis nationals from the country. ~~X~~ U

During 1943 six different contingents of Axis nationals were removed from Peru including 124 Germans and 566 Japanese. This number also involved women and children of dangerous Axis Nationals who desired to be removed with the various subjects for internment in the United States. These individuals have been removed by means of United States Army transport vessels and by the use of the United States Air Transport planes. They are now confined to internment camps located in various sections of the United States. The deportation program in Peru is virtually complete inasmuch as there remain only a few individuals who are considered dangerous to the security of the Republic. Such individuals are in some instances protected by political figures while others are protected by reason of their Peruvian citizenship or intermarriage with Peruvian citizens. ~~X~~ U

Bolivia ~~X~~ U

Based on data accumulated by SIS representatives, twenty-nine Japanese and fifty-two German nationals were summarily expelled from Bolivia on May 18, 1944, and were brought to Panama for internment by United States Army Transport planes. The Legal Attache in La Paz, Bolivia, at the request of the American Ambassador, handled all the details of the expulsion with the Bolivian Government with whom we did not have at the time formal diplomatic relations. With the removal of the individuals in this instance from Bolivia, the expulsion program, as developed by Bureau representatives, has been virtually completed as other individuals known to be dangerous to Bolivia had been removed on previous occasions. ~~X~~ U

Ecuador ~~X~~ U

Continued efforts by SIS representatives in Ecuador have resulted in the removal of dangerous Axis nationals who were determined to be a threat to the security of the Republic and the Western Hemisphere. In all, 452 German, Japanese and Italian nationals have been expelled from the ~~X~~ U

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country and the effect of this program has been materially assisted as a result of our efforts during 1943 when a total of sixty-two Germans and three Italians were deported and removed to the United States for internment. &U

Included in this program were ax Wolf, a German national in charge of German affairs at the Spanish Embassy, who was found to have operated a German news agency in a clandestine manner; Eduardo Panse and his brother Ernesto Panse who assisted in the management of the German affairs after the expulsion of diplomatic officials; Otto Heinrich Carstenjen, former manager of the Otto Wolff Oil Company, who was believed to be engaged in espionage activities; and others who were known members of the NSDAP and associated German organizations. At the present time only one Japanese national resides in the Republic of Ecuador and his activities are controlled by forced residence in a remote area of the country. &U

Only a few other Axis nationals considered dangerous presently remain in the country, and available information indicates that they are not presently engaged in subversive or espionage activities. Such individuals have been protected from deportation in some instances due to intermarriage with Ecuadoran citizens or because of their political or social influence. &U

Brazil &U

As previously mentioned, 209 Axis nationals are presently interned in detention camps established by the Brazilian Government. This figure includes the continued operation, a policy established by the Brazilian Government to control Axis nationals since that nation formally declared war on the Axis nations. At the outbreak of war several hundred German, Japanese and Italian sympathizers were taken into custody but were later released. &U

The internment program in Brazil, as instituted in the beginning, affected all Axis nationals; however, it is now confined to the detention in internment camps of those persons concerning whom information has been received indicating they are engaged in subversive, espionage or other suspicious activities. &U

Haiti &U

On June 23, 1944, fourteen German internees with their wives and children were transported from Haiti to the United States by plane for internment in the United States. All other German nationals who were interned in Haiti have been released by the Haitian authorities though they are required to report once a week to the police authorities in Port-au-Prince. The Haitian Government released these internees evidently because they felt that conditions are sufficiently well under control in that Republic to permit the release of the internees with safety; however, separate cases have been opened on each of these released individuals and a check will be maintained on their activities and associates. &U

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During the past year Haiti has deported a total of twenty-three individuals for internment in the United States. None have been interned there during that period. S U

Mexico S U

During the last half of 1943 and the first half of 1944, thirty-three Axis nationals have been repatriated from Mexico. The number of individuals who have been interned in Mexico because of subversive activities, espionage or sabotage, is undetermined. Mexico has not followed the policy of sending Axis nationals to the United States for internment inasmuch as it has established its own internment camp for that purpose. S U

Guatemala S U

Guatemala, one of the Central American countries, during the past twelve months has deported approximately 139 individuals to the United States for internment. During that same period the Republic has interned no one within the Republic inasmuch as they do not have what we would call an internment camp, but use their prison for that purpose. S U

Honduras, El Salvador, Nicaragua, Costa Rica, Dominican Republic S U

These countries also have followed the policy of sending Axis nationals to the United States for internment. During the past twelve months, Honduras has deported for internment seventy-three individuals; El Salvador, twenty-one; Nicaragua, twenty-four; Costa Rica, seventy-nine; and the Dominican Republic, nineteen. In none of these Republics, have any individuals been retained for permanent internment inasmuch as these countries do not have internment camps and find it necessary to use their prisons for that purpose. S U

Cuba S U

Cuba is one of those countries which has established facilities for internment within its own boundaries. As a result they have sent no Axis nationals to the United States for internment. The program of deportation and internment of dangerous enemy aliens was carried on very intensively in Cuba from the time of declaration of war and the situation was considered as having been brought under control by the latter part of 1942 or early 1943. As a result, Cuba is no longer engaged in mass internments of Axis nationals and makes such internments only on a selective basis. During the past twelve months only eight individuals have been interned in Cuba. S U

Colombia S

Colombia did not sever relations with the Axis nations until the fall of 1943. Immediately subsequent thereto a list of approximately 141 individuals was drawn up of those who were considered to be fit subjects for internment. Colombia has followed the program of interning Axis nationals

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within its own borders except in those few cases where the individuals are considered most dangerous or are known to have been actively engaged in espionage for the Axis, and in such cases those individuals were deported from Colombia to the Panama Canal Zone and later were sent to the United States. Six individuals are in that classification at this time and they were not deported until the spring of 1944. Approximately 100 individuals have been interned in Colombia. X U

Venezuela X U

No deportees have been received from Venezuela for internment in the United States during the past twelve months, and within the confines of its borders, Venezuela during that same period is reported to have interned only four persons. X U

This country, though it severed relations with the Axis countries immediately after the United States went to war, has never had an internment program as such, inasmuch as they have never considered the Axis nationals sufficiently dangerous to cause much worry. X U

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D. SUBVERSIVE POLITICAL COVERAGE

The solidarity of the Western Hemisphere has been threatened during 1943 by revolutionary movements which have overthrown some of the governments of Latin American countries. Certain movements presently exist which are a continued threat by reason of further activities by elements seeking to cause the overthrow of governments of other Latin American nations. While some such movements are local in nature, not inspired by outside elements, the removal of a government recognized by the United States in itself is detrimental to the Allied war effort in that it affects the flow of vital war materials being obtained from Latin America and causes a break in the present program as it concerns the security of the Hemisphere from Axis influence and penetration. In 1943, nearly all of the various nations of Latin America had been involved in some type of political movement that has caused unrest in the country affected. XU

In January, 1944, a summary memorandum was prepared regarding Current Revolutionary Movements in South America which proved to be of considerable interest and value to governmental agencies in the United States. This memorandum contained information obtained by our representatives in Lima, Peru, concerning Argentina's plan to develop movements in Latin America which would result in the removal of all governments not favorable to Argentina and it also had for its purpose the establishment of an anti-United States block in South America. No previous information had been received by the State Department of the United States in this regard and the facts as developed by SIS representatives proved to be of extreme value. XU

As definite information had been obtained indicating a well organized plan by the Argentine Government to sponsor revolutions led by military elements similar to the Argentine revolution in other Latin American countries, it was necessary to obtain detailed coverage in this field. Reliable contacts have been established by our representatives in high governmental circles throughout Latin America and informants have been developed among the opposition. Several instances have occurred wherein our representatives have received advance information on attempted revolts and revolutions which has been made available to the American Ambassador, the State Department of the United States, and interested governmental agencies. XU

The radio facilities of the Office of the Legal Attache in the countries affected by revolutions have been of vital importance in transmitting communications to the State Department in Washington, as in most instances no other means of communication has been open while the revolutionary movement was in progress. XU

Background information regarding personalities involved in the various revolutionary movements in Latin America has been of valuable assistance to the State Department of the United States in determining what action would be taken with regard to recognition of newly established XU

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Argentina S U

A military group overthrew the Government of President Ramon Castillo in Argentina on June 4, 1943. Subsequent developments have placed a sinister aspect on this revolt as information received concerning Argentine activities in Latin America, the Bolivian coup, and current revolutionary movements in other countries of South America strongly indicate that Argentina may be fomenting new revolutions with possible Nazi assistance. The original revolt in Argentina was reported to be instigated by the "Young Generals," including General Ramirez who was established president, Generals Rawson, Martinez, Mason and others. This group was supplanted by an organization known as the "Colonels Group" who are not only nationalists and admirers of Germany, but who took steps to form a completely totalitarian government in Argentina. The organization which developed from the "Colonels" organization was known as the G.O.U. or Gobierno Orden y Unidad and was composed chiefly of Colonels from the Argentine Army and was headed by Colonel Juan D. Peron. Colonel Peron has become increasingly powerful in the Argentine Government and is described as one of the most important figures in Argentina today. Shortly after Argentina broke relations with the Axis early in 1944, President Ramirez was forced to resign and General Farrell, Minister of War, was named President of Argentina. S U

The situation with regard to Argentina has become increasingly serious with regard to its opposition to the United States, its endeavor to influence other Latin American republics, and its desire to incite revolutionary movements which would establish a political and economic block of South American nations who would be friendly to the present Argentine regime. S U

Bolivia S U

The Legal Attache's Office at La Paz, Bolivia, has followed very closely political developments in Bolivia. This action was necessary because individuals making up the Movimiento Nacionalista Revolucionario were reportedly obtaining support from Argentina for a revolutionary movement. Other individuals known to have been associated with the opposition were allegedly sympathetic with the Axis cause. In September, 1943, information was received that leaders of the M.N.R. were planning a revolt against the Bolivian Government. This information was substantiated by the activities of one of the leaders of the Party, Paz Estenssoro, who was known to be consulting with Argentine leaders concerning such a movement. On December 20, 1943, the President of Bolivia, Enrique Penaranda, and members of his Cabinet were seized and ousted by a successful revolt instituted by the M.N.R. At this time the communications with the outside world were cut off and the Office of the Legal Attache cooperated with the American Ambassador in furnishing radio facilities for transmitting information to the State Department of the United States regarding the events transpiring as a result of the revolution. S U

Since the establishment of a new government under President Gualberto Villarroel, the Office of the Legal Attache has been able to report

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current political developments through contacts with Cabinet and high police officials of the provisional government. ~~S~~U

Brazil ~~S~~U

Elements of the Integralist Party, which was outlawed by the Government of President Getulio Vargas in 1938, have been a continued threat against the present Government of Brazil. The leader of the Integralists, Plinio Salgado, was exiled to Portugal, where he presently resides, and reliable information has indicated the possibility of Nazi influence causing a movement to be developed through the Integralists which has for its purpose the removal of Vargas. ~~S~~U

At the request of the State Department of the United States, extensive investigation was undertaken in Brazil and in the United States regarding the possibility of Brazilian exiles in the United States assisting in formulating a plan to overthrow the Government. This investigation was based upon a report that the Vargas regime in Brazil would be overthrown by pro-Axis and Fascist elements within the Brazilian Army. No information was developed indicating individuals in the United States were involved in this plot although it was established that elements in Brazil are present which strongly oppose the Government. However, no organized movement has yet taken action in this regard. ~~S~~U

Chile ~~S~~U

The Chilean Government has during the past several months expressed great concern over political developments involving opposition to the Government of President Rios. Information developed by our representatives had indicated Argentine collaboration with political figures in Chile which has for its purpose the establishment of a military regime in Chile similar to that now in existence in Argentina. ~~S~~U

Following the Bolivian revolution, the Chilean Government acted to close its borders between Chile and Bolivia as it had learned that Argentine money was allegedly responsible for the Bolivian revolution. ~~S~~U

Groups opposing the administration include the G.O.S. or the Grupo de Oficiales Subalternos, which is composed of low-ranking Army officers and the followers of Carlos Ibanez del Campo, who has been supported by Nazi political figures in Chile and who is known to have communicated with known Argentine nationalists. The activities of these groups have been closely followed in view of the subversive nature of the platform of their organizations. ~~S~~U

Colombia ~~S~~U

The political situation in Colombia during the past year has been most acute. Opposition under President Lopez has steadily mounted and ~~S~~U

information has been developed concerning a definite movement to stage a revolution. In an unsuccessful conspiracy which occurred during 1943, it was reported that the plan of the conspiracy dealt with the establishing of a military coup d'etat similar to that which occurred in Argentina. A plot was uncovered which involved certain elements of the Army. This action was forestalled by the Government and the principal conspirators were taken into custody and subsequently tried. However, they were freed due to the lack of definite evidence against them. XU

Other groups opposing the Government include elements of the Conservative Party, anti-Allied groups, and members of the creole native Fascist organization, which were united in opposing President Lopez. The coalition of the above groups was termed the Organizational Nacional. However, it has been known by other names inasmuch as it changed its title on different occasions. This coalition set tentative dates during the latter part of 1943 for the staging of a revolt. Minor disturbances occurred frequently in March, 1944. An uprising occurred in the town of Purificacion. This movement was controlled by the Government. XU

On July 9, 1944, President Lopez was kidnapped by a group of Army officers headed by Lieutenant Colonel Diogenes Gill at Pasto, Colombia. Loyal troops, however, were successful in quelling the revolt and President Lopez was freed from his captors and has again resumed the presidency. During this outbreak, the Legal Attache's Office was able to radio messages advising of the situation and because communications with the exterior had been broken off, the United States Ambassador used the Bureau radio to send dispatches to the State Department. XU

Ecuador XU

During 1943, innumerable reports were received concerning alleged plots to overthrow the Ecuadorian Government. The chief source of opposition to President Rios was a coalition of all parties in opposition to the administration which was known as the Alianza Democratica Ecuatoriana. During the middle of May, 1944, reliable information was obtained by SIS representatives indicating the Government of President Arroyo would be overthrown either at the time of the national election, scheduled for June 2 and 3, 1944, or shortly thereafter. This information was made available to the State Department and other interested governmental agencies. On the night of May 28, 1944, the Alianza assisted by units of the Ecuadorian Army undertook an attack on the loyal carabineros at Guayaquil, Ecuador, looking to the overthrow of the Government. When this action was successful, the revolution spread to other cities throughout the republic and on the evening of May 29, 1944, President Arroyo and his Cabinet resigned. XU

The provisional government established by revolutionary elements immediately called upon Dr. Velasco Ibarra, prominent politician and former president who was residing in exile in Colombia, to return to the capital city, Quito, Ecuador, and take charge of the provisional government established by the Alianza. Investigation by our representatives disclosed no subversive elements to be controlling the revolutionary movement and during XU

the course of the revolution supplied information as to current developments to the American Ambassador which was made available to the State Department of the United States through the facilities of the Bureau's radio. XU

El Salvador XU

There has been a great deal of political unrest in El Salvador during the past year. The main basis for such activity was reported to be the hostility of certain elements toward ex-President Maximiliano Hernandez Martinez, who prolonged his term as President by changing the national constitution. XU

On April 2, 1944, a revolution broke out in the capital city of El Salvador. For a time it appeared that the revolution would be successful, but on April 4, 1944, it was finally quelled by Government action. Investigation by our representatives has determined that the revolution in El Salvador, as in other Central American republics, was not inspired by Axis powers. Following the revolt, pressure was brought to bear against President Martinez, who on May 8, 1944, announced that he would resign from the Presidency. General Andres Ignacio Menendez was named to succeed President Martinez. However, a general strike continued until May 11, 1944, at which time Martinez left the country for Guatemala City. XU

Military elements in El Salvador have unsuccessfully attempted to persuade the President to deposit the powers of Government with military figures. A partial settlement has been reached by the parties involved and elections are to be held in January of 1945. For the immediate present, the political crisis appears to be under control. XU

Guatemala XU

Following the lines of passive resistance through a general strike in June, 1944, the Government of Guatemala, headed by President Ubico, was forced to resign. Previous information developed by our representatives in that country determined ex-President Ubico to have been a virtual dictator. He ruled the country ruthlessly and had been particularly harsh with his political opponents whom he had either imprisoned or executed. Through action by Guatemalan students and through the general strike which was effective June 24, 1944, the resignation of Ubico was effected and a new Government established. XU

SIS personnel in Guatemala were fully aware of the anticipated action against the Government and had enabled the distribution of this information to interested governmental agencies. XU

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Honduras XU

Throughout the year of 1943, the Republic of Honduras was relatively calm from a political viewpoint. However, in June, 1944, a revolutionary movement developed which reached a climax in the first week of June, 1944, when parades and demonstrations were held as an expression of opposition to the established government. Reports were received that arms were being smuggled into the country and information at the present time indicates a situation of political unrest which may at some future date develop into revolutionary action inasmuch as the demonstration on June 4, 1944, did not affect the present position of the government. Our representatives have been cognizant of all political developments in Honduras and have maintained extended political coverage in that country. XU

Mexico XU

While there have been no overt acts on the part of organized revolutionary movements in Mexico during 1943, there have been several incidents which have involved the security of the Government of President Avila Camacho. One incident involved a Lieutenant Jose Antonio Eduardo de la Lama y Rojas of the Mexican Army. This individual attempted to assassinate the President, but was unsuccessful in this endeavor. Investigation by our representatives developed the information that the attempted assassination of the President by Lieutenant de la Lama was not the culmination of a general plot to overthrow the Government, but was rather the individual act of a religious fanatic. XU

An attempt was made on July 10, 1944, to start a rebellion within the Mexican Army which involved Captain Benito Castenado Chavarria. This individual endeavored to form a rebellion among the conscripted men but he was wholly unsuccessful in this attempt. He was tried by military court and sentenced to death. However, this sentence was suspended by President Camacho. XU

Nicaragua XU

Many charges have been made by the opposition against the rule as established in Nicaragua by President Somosa. Anti-Somosa demonstrations were held in the country on May 27, 1944, as a result of which the President has recently made some concessions to the opposition which has now reverted to a campaign of passive resistance. Present indications are that President Somosa will continue in power. However, the political situation in the country is described as uncertain. It is possible that a violent revolution may soon result and for that reason extended coverage is being given to political matters in Nicaragua at the present time. XU

Paraguay XU

The political situation in Paraguay has caused governmental officials to view recent developments with alarm. An attempt was made to XU

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overthrow the Government on January 26, 1944, and a revolutionary plot led by members of the outlawed Liberal Party was attempted. The revolutionists endeavored to release and arm the prisoners at the city jail and later sought to capture the central police station. This plot was quelled when several members of the revolutionary party were killed in the gun battle that ensued. XU

In this instance, the coverage afforded the revolutionary plot resulted in information being relayed to the State Department of the United States through available Bureau facilities in such manner as to be the first information the State Department had received concerning the matter. XU

During the early part of February, 1944, rumors were circulated concerning threats of a general strike by workers which would result in a probable governmental crisis. XU

The attitude of many individuals opposing the Government in favoring Argentina is a definite threat to the security of the Paraguayan Government as are the many individuals residing in the country who possess known pro-Nazi sympathies. The desire of Argentina for close collaboration with countries bordering Argentina is an even existing possibility that Argentina will endeavor to influence and assist elements desirous of overthrowing the Paraguayan Government. At the same time it is known that some forces opposing the administration of President Morinigo are known to be completely pro-American and pro-Allied. XU

Information received from the Office of the Legal Attache in April, 1944, indicated that a revolution was planned which would result in the overthrow of Morinigo as President. This movement was reportedly headed by General Delgado, who was stated to possess the support of elements in the Paraguayan Army, including Colonel Arturo Bray. Since that date, Cabinet changes have been effected in an endeavor to save the Government which have involved the placing in governmental positions individuals known to possess Axis and anti-United States sympathies. XU

Peru XU

The Government of President Prado has not been popular and has been subject to much criticism by the opposition. Numerous reports have been received indicating an attempt would be made to overthrow the Government which was to be sponsored by the Union Revolucionaria led by Jose Quesada and Manuel Majica Gallo. XU

During December, a plot was uncovered which was to be effective on December 31, 1943. This action did not materialize; however, other political activities which are being closely followed include the reported return of Marshal Oscar Benavides, Peruvian Ambassador to Argentina, who is allegedly favorable to the military government established in Argentina. XU

Benavides has been prominently mentioned as a presidential candidate to replace President Prado. However, he is opposed by General Eloy Ureta, the Union Revolucionaria, and members of the Mire Quesada faction. Benavides was reportedly returning from Argentina to Peru where he would assist in the Government of President Prado, and it was reported that he desired to remove from high military positions the officers who were favorable to General Eloy Ureta. ~~S~~U

The outlawed Aprista Party led by the notorious political fugitive, Haya de la Torre, has been subject to persecution by the administratio The Aprista Party has not yet indicated who it will support in the elections to be held during 1945. However, it is anticipated that the support of this group will be sought by any candidate who seeks election. ~~S~~U

The Legal Attache at Lima has recently obtained information indicating that Marshal Benavides was to return to Peru on or about July 3, 1944, and that elements of the Peruvian Army were desirous of causing a revolution to take place in order that the Government would be seized prior to the arrival of Benavides in the republic. It was felt that this action would be beneficial at this time inasmuch as Benavides, upon his return, would probably attempt to cause the transfer of Ureta Army followers from important posts, thus handicapping the efforts of Ureta at some later date in the event he desired to take such action. ~~S~~U

Uruguay ~~S~~U

The stability of the Uruguayan Government has been threatened by reported revolutionary activities sponsored by the Herrerista Party which was believed to have been backed by Argentine elements. Since the Argentine coup d'etat in June, 1943, tension in Uruguayan political circles has been increasing. The Herrerista group is a nationalist group, anti-United States in sympathy and Fascist in nature. The activities of this organization are being closely followed in view of its policies and tendencies, and extended coverage is being afforded political developments involving such elements in Uruguay. ~~S~~U

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E. MONOGRAPHS

The SIS Section of the Bureau functions as a service agency for the distribution of pertinent information to the various departments of the United States Government for their assistance. In view of this function, numerous requests were received from various officials of the Governmental Agencies for summaries of information pertaining to such elements as economic developments, phases of political significance and other matters of intelligence concerning the various Latin American Republics. In response to these requests the Bureau has prepared monographs which are furnished to such officials not only for general intelligence information, but utilization as research material. XU

In view of the constant requests for summary information in this form, the Bureau SIS Section has prepared monographs not only on general intelligence matters in the various Latin American Republics, but on specialized topics of interest. During the past fiscal year the following monographs have been prepared to supplement previous general monographs on various Latin American Republics: XU

September 15, 1943 - General Monograph on the Republic of Cuba
September 25, 1943 - General Monograph on the Republic of Costa Rica
January 17, 1944 - The Spanish Falange in the Western Hemisphere
January 25, 1944 - Current Revolutionary Movement in Latin America
June 5, 1944 - General Monograph on the Republic of Guatemala

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In addition to these, there are presently in preparation special monographs on the following subjects: XU

1. Communism in Latin America
2. Smuggling of Strategic Materials in Latin America
3. The German Espionage System in Latin America
4. The Japanese Intelligence Service in Latin America
5. Russian Espionage in Latin America

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Similarly in preparation the SIS Section is preparing supplements on the present status of the Spanish Falange monograph and original country monographs on the Dominican Republic and Haiti. Further supplements to general country monographs it is expected will be compiled monthly on the basis of continuous and current information reported by our SIS representatives. XU

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CHAPTER VIII - ACCOMPLISHMENTS BY COUNTRIES X U ~~SECRET~~

ARGENTINA X U

During the period 1943 - 1944, the world witnessed an event few of the Allied nations expected to transpire, but which all had long hoped for, the capitulation, slight though it was, of the haughty Argentine spirit from the smug pinnacle of nati nal pride to the outer fringe of the communit of democratic nations. In January, 1944, as a result of Allied pressure, slipping Axis control and vituperative press criticisms, she finally kept her pledge made many years ago at Havana and Rio de Janeiro. X U

From January to date the Argentine has kept the spotlight in the Western Hemisphere as through changing administrations pressure just short of war has been brought to make her live up to her commitments. At present both Great Britain and the United States have their Ambassadors to the Argentine at home for "consultations", the strongest possible diplomatic rebuke which could convey displeasure with the Argentine's vacillating attitude. X U

Even though diplomatic relations have been severed with the Axis powers, the Argentine refused to repatriate the Axis diplomats who remained in a position to continue their espionage activities. Numerable memoranda had been supplied to the State Department as a result of SIS investigations in the Argentine indicating that the key to Axis espionage in that country was the diplomatic staff. At the specific request of the State Department, the memoranda was prepared for the use of Ambassador Norman C. Armour to assist him in his negotiations with the Argentine Government on the matter of Axis espionage agents operating in that country. The memoranda contained identifying data on sixty-eight Axis agents. The information was obtained from the Bureau files, which consisted almost entirely of reports submitted by the Legal Attache in Buenos Aires. X U

Finally the Argentine consented to expel the diplomats, and on July 6, 1944, 162 Axis nationals, including 125 persons with diplomatic status and thirty-seven of semi-official standing, were deported on the "Cabo de Hornos." This group was followed by another on July 12, 1944, aboard the Argentine ship, "Rio Jachal." This group consisted of 126 people, 109 of whom were German diplomats with their relatives and servants and a semi-official group of sixteen. Both of these ships before they sailed went through British control at Buenos Aires and all baggage not sealed was searched. Both these ships will touch at Trinidad where more thorough searches will be conducted by British control offices. In all probability some illuminating material will be brought to light confirming information on their activities presently in the possession of the Bureau. X U

As a result of the demand of Secretary of State Hull through Assistant Secretary of State Stettinius that it is imperative that the Argentine arrest or deport all individuals carrying on espionage activities in behalf of the Axis powers, numerous arrests took place during January and February of 1944 and some two hundred individuals were arrested and X U

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questioned. Many of these were released and so continued in employment. Among this group were seventy-five very well-known Axis agents on whom extensive information is on file in the Bureau which has been compiled by SIS representatives in Buenos Aires. &U

At present the internal affairs of the Argentine are undergoing startling changes indicating possible pro-Allied cabinet ramifications. If this takes place and the Argentine is sincere in putting her house in order, the work of the SIS Division will be brought to fruition, and the memorandum which had been prepared for the State Department and for presentation to the Argentine Government will undoubtedly be used by her Police Department in rounding up the Axis agents either for trial and prison sentences or for deportation. &U

The SIS representatives in the Argentine have been very thorough in deeply penetrating into the espionage organizations of the Axis powers. Coverage on the activities of German, Japanese and Italian agents has been maintained by surveillances, intercepted communications, secret ink writings, informants and double agents. &U

With regard to Italian espionage since the entrance of that country into the war, the use of double agents has aided in obtaining information regarding their activities in the Argentine. The complete data regarding the activities of Axis agents in the Argentine is not being set forth; however, certain illustrative cases are being briefly outlined to demonstrate the manner in which SIS investigations are conducted and the results obtained therefrom. &U

The Juan Enriquez Case involves the interception of approximately sixty-five letters directed either to or from four related drop boxes located in Madrid, Spain, and numerous individuals in Buenos Aires, Argentina; La Paz, Bolivia; Mexico City, Mexico; Havana, Cuba; Valdivia, Chile, and Montevideo, Uruguay. Many of the letters from Latin America contain secret ink writings largely concerning ship movements, armaments and cargo. It is apparent that the four drop boxes are not only used by espionage agents for the forwarding of intelligence information but are also used for the dissemination of German propaganda. In addition, two of the cover addresses have been used by private individuals to send personal communications to families and relatives in Europe. Although it is felt that the personal use of the cover addresses is separate and distinct from the espionage and propaganda use to which they have been put for over two years, it is possible that such arrangements have been effected for the purpose of affording protection to the espionage messages. However, in so far as it can be determined, two of the addresses have been used exclusively for the transmission of intelligence information. Two of the individuals engaged in transmitting espionage information are Jose Ditsch and Jose L. P. Zartmann. &U

Ditsch has written the majority of the communications intercepted in this series. Out of forty-five communications written by him to the drop boxes in Madrid, twenty-three were found to contain secret ink writings furnishing shipping information exclusively. Others sent earlier in the &U

series openly transmitted intelligence information without the use of secret inks. Ditsch is known to have received three communications at Asaparde 816, Buenos Aires, the address of the German Benevolent Society. The three letters contained secret ink writings, either requesting espionage information or furnishing instructions for the use of additional drop boxes. He has addressed his communications to the Madrid cover addresses, using various fictitious names and addresses. All the names used, however, had the one common characteristic in that the names or the initials used all contained the letters "D" and "J" The return address given at several of the communications was Calle Cramer 2885, the residence of Matias Turner who also conducts a delicatessen at that address. XU

In an effort to ascertain the whereabouts of Jose Ditsch, SIS representatives directed an informant to call at Cramer 2885 and asked for him by the alias which he had frequently used when employing this address, viz., Jose Dias. The informant was greeted by a woman who has been identified as Mrs. Matias Turner, who suspected the informant of having come to that address to deliver a communication for Ditsch. The informant, of course, had no communication for him, but was given two packages of back issues of Life Magazine by Mrs. Turner which were to be passed on to the "proper individual" whose identity was, however, not ascertained. At this time, Mrs. Turner stated that Jose Ditsch was in Bahia Blanca, an Argentine seaport about 400 miles south of Buenos Aires. Matias Turner was reported arrested by the Argentine police on February 11, 1944, and Jose Ditsch on February 12, 1944. XU

The other individual involved in the transmission of espionage information to Madrid drop boxes is Jose Zartmann, who holds the position of librarian at the Hospital Tornu in Buenos Aires. He was born in Germany on August 23, 1908, is known to be pro-Nazi and to have been active in various Nazi organizations in Buenos Aires. He has been employed as librarian as noted for the past seven years. XU

Zartmann is known to have received three messages, all containing secret ink writing. From the content of the secret ink messages, it is apparent that Zartmann is a newly-recruited agent who is performing this espionage service in lieu of active military duty and part of the remuneration for his efforts is sent to his mother, who is apparently in Occupied Europe. XU

Two eastbound messages from Zartmann to his espionage principals have been intercepted, the first conveying his message in open code and the second being transmitted by the use of secret ink writing. Zartmann's activities have been constantly and closely followed by SIS representatives in Buenos Aires and he was reported apprehended by the Argentine police on February 12, 1944. XU

Francisco Kerinek of Calle Uruguay 949, Buenos Aires, is a propaganda agent operating for the propaganda agency which has utilized the XU

facilities of the drop boxes involved in the Juan Enriques case. An intercepted letter directed to him dated December 18, 1941, spoke of forwarding propaganda material to Korinek and also mentioned his principals' desire to receive weekly information reports. Korinek is a German who is the representative of the Compania Codeco S. de R., Ltd., vendors of synthetic fuel with offices at R. S. Pena 901, Buenos Aires. He has been under periodic surveillance by the SIS in Buenos Aires and his activities and background have been fully tabulated. It was reported that on February 15, 1944, Korinek was apprehended by Argentine Police. XU

The background and activities of three other individuals who have used the drop boxes in this series for the purpose of disseminating propaganda have been fully obtained by SIS representatives in Mexico, Argentina, and Bolivia. No apprehensions of these individuals have to date been made. XU

Extensive investigations have been made concerning five other individuals who utilized two of the four drop boxes in this series to forward and receive mail from individuals in Europe. The contents of these communications were evidently harmless and of a strictly personal nature and no action has been taken regarding the curtailment of activities of these individuals. XU

British interrogation of Andres Blay Pigrau, Paraguayan Consul General to Barcelona, arrested October 21, 1942, at Trinidad, revealed that he was proceeding to Buenos Aires, Argentina, on an espionage mission for the Germans. On February 6, 1943, Joaquin Batlcon Martinez, another German agent, was arrested by the British at Trinidad and sent to England by way of New York where he was questioned extensively by an SIS representative regarding his knowledge of German espionage in Argentina. The information furnished by these two agents formed the nucleus for an SIS investigation which revealed the existence of what has been perhaps the most extensive espionage and smuggling ring in the Western Hemisphere, operating under the direction of General Friedrich Wolf, German Military and Air Attache in Buenos Aires. XU

It was developed during the early part of this investigation that Manual Perez Garcia, Falange Security Officer in the Spanish Embassy in Buenos Aires and former Spanish official in Berlin, Germany, was a key member of this ring and supervised the activities of ship couriers assisting the Germans and transmitting information and contraband to Europe. Garcia departed from Buenos Aires in July, 1943, for a short visit to Spain, where he was to secure a cipher machine from Germany for General Wolf. On the basis of information submitted by SIS regarding his espionage activities, Garcia was arrested August 6, 1943, on his arrival at Trinidad aboard the "Cabo de Buena Esperanza" and taken to England for internment. Questioning of Garcia has revealed a wealth of information regarding the operations and personnel of the German service in Europe and South America. XU

[redacted] deserted ship in Buenos Aires in March, 1943, to become [redacted] Spanish ships. Shortly afterward [redacted] and through him complete data have been secured regarding the smuggling and espionage operations in Buenos Aires, as well as photographs of all messages and espionage information sent by the couriers. He has provided samples of contraband collected by the group and has assisted in substituting innocent material for this contraband in several cases. XU

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Another member of the espionage ring, [redacted], performed services similar to those of [redacted] beginning in the early fall of 1943. Through [redacted], the Bureau has received coverage of the delivery of some 450 pages of coded messages, about 3,200 photographic negatives containing economic and political data, numerous letters, two kilograms of Malayan tin and other material, including twenty-two golf balls purportedly containing messages. In the same case, samples were secured of quartz crystal apparently intended by the group for optical or specialized radio purposes, and talcum powder was substituted for a shipment of 750 grams of insulin intended for delivery to a courier aboard the "Cabo de Hornos" on February 4, 1944. XU

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Jose Olivera del Rio, radio operator aboard the "Habana," was known by British authorities through secret sources to be a German courier. However, no outside information regarding his activities was developed until he received a package containing coded messages and photographs and another containing two kilograms of metal thought to be platinum from Aguilar on October 1, 1943. On the basis of information furnished by SIS, Olivera was arrested by the British on the high seas off Gibraltar on October 19, 1943, and taken to England. As with the previous agents arrested in this case, considerable data concerning General Wolf's organization were secured from Olivera. XU

It is expected that another known courier, Salustiano Rey Gonzales, a waiter on the "Cabo de Buena Esperanza," who was carried messages given him by our double agents, will be arrested by British authorities when his ship next reaches Trinidad. XU

In September, 1943, information was received that a German agent using the cover name "Maleta" was proceeding to Argentina on a special mission. Shortly thereafter, it was developed that this agent was identical with Fernando Ramon Rosende Baulenas Salas, a Spanish student in Buenos Aires who had gone to Spain earlier in the year, and whose return passage to Argentina in November, 1943, had been booked by [redacted] at the request of the Germans in order to prevent the British in Spain from becoming suspicious of him. Salas has been under surveillance by SIS since he arrived in Argentina in December, 1943, and it is known that he has arranged for communication between the German services in Argentina XU

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and Spain through Spanish diplomatic facilities. British authorities have announced the intention of arresting Salas upon his return to Spain. However, he was arrested by Argentine police February 11, 1944, for espionage.

After the break in relations between Argentina and the Axis on January 26, 1944, a number of the principal agents of General Wolf, as developed by SIS investigation and the interrogation of those arrested by the British, were apprehended by Argentine police and held on charges of espionage. Included were Jose Mella Alfageme, smuggling chief of the group; Benito Ramon Amorin, brother of the notorious agent, Esteban Amorin; Manuel de Miguel Arrastia, Buenos Aires chief of the Spanish Falange; Jose Santiago Valles Cruz, espionage liaison officer in the Spanish Consulate; Eugen Juan Frank Langer, assistant in courier operations; Martin Muller, assistant of General Wolf; Nicolas Moreno Quintana, espionage and smuggling agent; Benjamin Juan Rosen, brother-in-law and assistant of Jose Mella; Wilhelm von Siedlitz, contact of General Wolf and superior of Esteban Amorin; and Walter von Simons, well-known agent of the German espionage and propaganda services. General Wolf, himself, was detained on February 10, 1944, and placed under house arrest, subsequently being released preparatory to repatriation to Germany. Warrants are outstanding for the arrest of several other members of the group.

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Aside from our double agents in the Efe Case, SIS was able to develop another such agent in connection with the arrest of [redacted] b7D [redacted] by the Argentine Government in May, 1943, when he arrived in Buenos Aires aboard the "Cabo de Hornos." [redacted] was found to be carrying espionage information, money and instructions for delivery there to a German agent unknown to him and apparently destined for the United States. In [redacted] was sentenced by the Argentine courts to two years imprisonment.

[redacted] was arrested shortly after [redacted] by the Argentine Police and admitted that he was the agent for whom the espionage material had been intended. [redacted] had, in fact, traveled to Argentina aboard the same ship as [redacted] However, [redacted] was released without prosecution or publicity by the Argentine Government and was recruited by SIS in Argentina as [redacted] for the Bureau. He has gone to Chile where he is safe from rearrest by Argentine Police. He maintains cable contact with his German superiors in Madrid attempting to secure further instructions and money through a ship courier to be contacted by [redacted] who proceeded to Buenos Aires from Chile and is working under the supervision of SIS representatives.

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A fourth double agent coming to the attention of SIS during 1943 was [redacted] famous [redacted], who was sent by the Germans to Argentina in January, 1943, with the United States as his destination. He was kept under surveillance in Argentina and full information regarding him was secured by the SIS Attache. In June, 1943,

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Costes and his wife arrived in the United States at Miami, and [redacted] has been under the control and operation of the Bureau in New York since that time. Many points in his story and a number of his contacts have been checked since by SIS XU

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Since July, 1943, numerous communications have been intercepted written directly to Ferruccio Alvina Palazzo, Nueva Borsa 18, Genoa, Italy, and also those transmitted through an intermediary, Hector Colombo, Consul General of Uruguay, at Geneva, Switzerland. Colombo is a known intermediary for Axis intelligence agents and has been known to assist in the financing of espionage agents in the Western Hemisphere. The letters were signed "P.P." and transmitted information concerning shipping, commercial matters, politics, agriculture, and employment, all of which had been colored and flavored with sympathy toward the Axis Powers. Much general information was given concerning the tourist trade in Uruguay and the effect of weather conditions on live stock in Uruguay and Argentina and other matters of an intelligence nature with detailed remarks as to the present activities in Argentina and other South American countries, all of which information is of importance to the Axis Powers. XU

It was ascertained that the author of these communications was Piero Porro who receives mail addressed to him at Calle Sarandi 444, Montevideo, Uruguay, Calle San Martin 195, and Calle Pegos 1060, Buenos Aires, Argentina. Porro is an Italian by birth who has resided in Buenos Aires since 1917. At the present time, he is a company representative for a number of Italian concerns and it has been ascertained that he is a close associate of known Italian espionage agents in Buenos Aires. XU

Porro was reportedly arrested by the Argentine Police on February 15, 1944. XU

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In August, 1943, information was received from [redacted] that an unknown Spanish bachelor about thirty-five years of age and reportedly of a good family was scheduled to proceed from Madrid to Buenos Aires to assume a position in the shipping firm of Compania Trans-Mediterranean. He had resided in Argentina previously for about ten years and had agreed to work with the German authorities recruiting agents on steamers operating between Argentina and Spain and Argentina and the United States. Apparently, these agents would act as couriers for German agents stationed in those countries. Inquiries by SIS in Buenos Aires revealed that the Compania Trans-Mediterranean had no office in that city [redacted] The Bureau is, therefore, well prepared to receive full information regarding this agent should he arrive in Argentina. XU

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On the basis of information from [redacted] indicating him to be a German agent, the British arrested Ernst Hoppe at Gibraltar while en route from Lisbon to Buenos Aires. A subsequent confession has XU

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revealed that he was an agent of the Sicherheitsdienst (German Security Police) who was dispatched to Buenos Aires on a very important mission. Hoppe was known to SIS in Buenos Aires in early 1942 as a superior chief of the Motorized Corps of the NSDAP and Commander in Chief of the block station of the Storm Troopers of Zone 19 in Buenos Aires. It was also known that he had operated an automobile driving school, and his partner, who had taken over the business upon Hoppe's departure for Europe, has been under investigation by SIS as a possible Axis agent for some time. XU

During August and September, 1943, a number of reports were received from reliable, but highly secret sources, to the effect that the German Espionage System contemplated landing agents and equipment along the coast of Argentina from a submarine or a small boat such as a yawl or trawler. It was indicated that the equipment would include radio transmitting and receiving equipment, as well as photographic equipment, possibly for making and enlarging microphotographs and photomicrographs. It was further indicated that Waldemar Boettger, a former radio operator expelled from Ecuador in April, 1942, would also be landed as a technician and instructor to operate this equipment. Similar reports having been received by ONI, G-2 and the British, arrangements were made by SIS in Buenos Aires for a beach patrol to be participated in by informants and representatives of the respective intelligence services. This patrol covered an extensive area in the vicinity of Mar del Plata, Argentina, which was shown by observations to be the only logical spot near Buenos Aires for such a landing. This extended coverage lasted for some months until December, 1943. Then, it was revealed that one Carlos Gustav Kiekenberg had purchased and improved a large estancia on the Atlantic Coast in the neighborhood of Mar del Plata, apparently for the purpose of setting up a headquarters for German espionage in that area. Investigation also revealed the possibility that Boettger had been brought to Argentina by another means or had landed earlier than was expected and was probably already in contact with Kiekenberg. XU

Countess Douglas, Chilean wife of the well-known German agent, Albrecht Archibald Douglas, has been of considerable interest to the Bureau because of her residence in the United States, her arrest in Rumania in 1940 on espionage charges and her connection with the German clandestine radio station PYL in Valparaiso, Chile, in late 1941 and early 1942. Investigation in Chile identified her as the "Dinterin" and "Countess D." of the PYL messages. However, prior to the arrest of those subjects in October, 1942, Mrs. Douglas disappeared and was not heard of for some months until she was located by SIS agents in Buenos Aires, Argentina. Handwriting specimens were obtained from Mrs. Douglas and forwarded to the Laboratory which identified her as the writer of three letters signed Jose Pyra, having a return address of a known German drop box in Santiago, Chile, directed to Janos Salomon, Chief of the German station OKW-HTT in Brasil. When confronted with this information, she admitted her connection with Radio station PYL and the Santiago drop box, insisting, however, that she cooperated with the Germans only through threats of Ludwig von Bohlen and Wilhelm von Pochhammer of the German Embassy in Santiago. XU

It was realized that Mrs. Douglas had failed to reveal the entire information in her possession regarding the German espionage system and continued efforts were made to secure from her a full confession. In early February, 1944, Freda Douglas admitted that she had been recruited by the German Espionage Chief, Hugo Sebold, in Berlin in September, 1940, while her husband was on an espionage assignment in Sofia. Sebold gave her a mail drop, a cable address and a microfilm containing her individual code, a grill type of cipher she cannot recall. She returned to New York in November, 1940, and was joined by her husband in March, 1941. Although both were intended to operate as German agents in the United States, Mr. and Mrs. Douglas quarreled and after some six weeks she took three photomicrographs containing their espionage instructions which had been given Douglas by Sebold, and left Chile. Countess Douglas has thus far admitted no espionage activity in the United States, claiming that her only action was to send a cable to Sebold, advising him of her arrival in New York. X U

Eugenio Zilahy Kiss, an Hungarian diplomat, was sent to Argentina in 1941 as Agricultural Adviser to the Hungarian Legation. Information received shortly after his arrival reflected that he was working for the Germans under Count Ander Semsey, Hungarian Charge d'Affaires, and that he was reportedly operating two clandestine radio stations. However, investigation failed to reveal the existence of the radios or active participation of Kiss in espionage. Prior to his return to Budapest in May, 1943

[redacted]

At that time he admitted half-hearted efforts at clandestine radio transmissions for the Germans. Since his return he has communicated with his intermediary Andres Mikles in Buenos Aires by cable, by telephone and by letter. One such letter contained the Bureau's signal for secret ink, but no message could be developed.

[redacted]

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During the early part of 1943, SIS was conducting investigations in Brazil and Argentina concerning the activities of a smuggling ring reported to be engaged in the traffic of United States dollars from Buenos Aires to the United States to finance the activities of Axis espionage agents. X U

Investigation reflected Nestor Saunders was being used as a courier for the subjects in the case. By investigation in Buenos Aires it was ascertained that Saunders was in regular contact with Daniel Kahanovich and Jacob Berson who in turn were known subjects in the Harold Khury case involving extensive platinum smuggling operations. This thereby established the direct connection of important subjects in the two different smuggling cases. X U

It is to be noted that mention is made elsewhere in this memorandum regarding Harold Khury and his illegal activities which resulted in his incarceration for eighteen months on Censorship violations. X U

SIS representatives in Buenos Aires, Argentina, have developed an informant in a Japanese espionage case centering principally in Buenos Aires, Argentina, and Santiago, Chile, which involves the use of couriers between these two cities transmitting coded messages requesting intelligence information. During the investigation of this case, a widespread plan for sabotage of American and British vessels was uncovered. X U

The espionage ring involved in this case is headed by Shozo Murai, the Civil Attache, who reports to Tomigyo Koseki, Secretary to the Japanese Embassy at Buenos Aires. The principal courier is a Chilean named Carlos Santa Cruz Pablete who at one time planned to take a trip through Bolivia, Peru and Ecuador for the Buenos Aires Japanese Embassy using the cover of a delegate of the Socialist Party of Chile with the ostensible purpose of organizing the Socialist youth. In reality the purpose of his trip was to observe and report on the war activity in Bolivia and the amount of arms and ammunition possessed by that country. In Ecuador, he was to visit and report on oil fields outside of Rio Guayas, near Santa Elena. While in Lima, Peru, he was to deliver letters to certain Japanese. These communications were to be sent to them by the Japanese Embassy and were to be carried in the lining of Santa Cruz's suitcase. It has been ascertained that Santa Cruz's mother, Luco Pablete de Santa Cruz, of Santiago, Chile, has also been used as a courier for the Japanese espionage system and has acted as an intermediary ad mail drop for them. X U

Another individual names Manuel Mayo Botelom has also been used as a courier in that it is known that he took a trip in July of 1943 carrying documents for the Japanese carefully concealed inside a suitcase of special construction. X U

All of these individuals have been known to have been in contact with Alberto Velos Santa Cruz, a member of the Chilean Nationalist Party, who is the publisher of a book known as "The Orient" which has been reportedly used for sending coded messages. Through the efforts of SIS representatives in this case, copies of some of the coded messages sent between Buenos Aires and Santiago have been obtained and submitted to the FBI laboratory for decoding. They have been found to be requests for espionage information. X U

According to information received out of the Japanese Embassy in Buenos Aires, the Japanese have a contact in nearly every American Embassy in South America. It is also maintained that the Japanese employ a courier system between Argentina, the clearing house, and Chile, Brazil, Bolivia, and Uruguay, and they are trying at the present time to establish a service with Mexico, Canada, and the United States. X U

On August 8, 1943, Carlos Santa Cruz, above-mentioned, received a package sent to him from Chile which contained 108 sheets of official United States Embassy Document paper, which was designated for Javier, the cover name of Shogo Mur ai at the Japanese Embassy. One of the sheets was obtained and forwarded to the FBI Laboratory for examination, where it was determined through comparison that it was a sheet of genuine United States Embassy Document paper embossed with the same master seal as was used on standard Embassy paper. SU

It was also ascertained by SIS representatives in Buenos Aires that this group of individuals intended to embark upon a program of sabotage of American and British ships by giving British and United States seamen mementos of Buenos Aires in the form of statues of the Virgin de Lujan, which are reported as being filled with incendiary chemicals which, after the lapse of a sufficient space of time will cause fires aboard the various vessels. Agents have also located the premises in Buenos Aires where it is believed that these statues are to be manufactured and filled with the incendiary materials. SU

Henri Catherin Gravet first became a figure of interest when information was received from a very confidential source that he was traveling from Spain to Buenos Aires aboard the SS "Cabo de Harnos" in May, 1943, and that he was to act as an Axis espionage agent in the Western Hemisphere. He is a Frenchman who formerly held a minor diplomatic position in the Guatemalan Consulate in Spain, and information was received that he was to act as a Japanese agent in the United States using the cover of a Guatemalan diplomatic official. The original plan as learned was for him to travel from Buenos Aires to Guatemala City where the cover would be arranged and thence to some United States city, probably San Francisco, California. SU

Gravet was under constant surveillance in Buenos Aires from the time he arrived until the date of his departure in November, 1943. The communications to his principals in Spain were intercepted and it became evident that Gravet no longer wished to continue the original plan and desired to return to Spain. Permission was given him by his principals and he left Buenos Aires aboard the SS "Cabo de Hornos Esperanza." He was apprehended en route to Spain on December 8, 1943, when this Spanish vessel docked at Trinidad, B.W.I. In his interrogation Gravet admitted having been recruited for espionage work by the head of the Spanish Intelligence Service in Madrid but denied having known that he was in fact to work for the Japanese Government until he was contacted as arranged by an individual named Elias Jofre in Buenos Aires. He was given $3000 U.S. currency by Jofre for his proposed espionage services. Gravet was interrogated on the basis of the results obtained in a physical surveillance by Bureau representatives in Buenos Aires. Gravet furnished a considerable amount of information regarding his recruitment and espionage training in Madrid and the drop boxes which were furnished to him. He steadfastly maintained that he believed that he was only to work for the Spanish Government in SU

the Western Hemisphere until he was advised by Jofre as to his expected participation in Japanese intelligence matters. XU

Attention was first directed to this individual, Elias Jofre, when it became known to representatives in Buenos Aires that he was receiving trade communications from the United States and furnishing them to the Japanese Embassy at Buenos Aires. It was known that Jofre was in close contact with many individuals in the Japanese Embassy principally Shoso Marai, the Civil Attache who according to reliable information received has charge of intelligence activity for the Japanese Government. Through surveillances it was also noted that he had frequent contact with Henri Catherin Gravet who had been sent to the Western Hemisphere to act as a Japanese espionage agent. It was learned that he was in fact an intermediary between the Japanese Embassy and Gravet, to whom he gave $3000 of a promised $5000. Jofre was reported arrested on February 15, 1944, by the Argentine Police. XU

Choko Shirakawa, a Japanese in the employ of the Japanese Embassy in Buenos Aires, Argentina, is known to have received two encoded communications. The first was received by him on November 11, 1943, addressed to Juan Roberto Martinez at Calle San Jose 663, bearing no return address but mailed at Lima, Peru. The message was contained in a reversed alphabetical cipher which was deciphered by the FBI Laboratory. The communications numbered 5 and 6. This unknown individual is evidently receiving pay from Shirakawa and is reporting on various individuals in Lima, Peru. In January, 1944, another addressed to Martinez at the same address postmarked at Lima, Peru, contained a message using the same cipher system as the previous one and conveyed the same type of information. XU

SIS representatives have checked into the background of Shirakawa and have found that he formerly resided at C lle Mexico 1815, Buenos Aires. In the early part of 1943, Shirakawa told the porter of his apartment house that letters would come addressed to Juan Roberto Martinez at Shirakawa's apartment which were for a friend of his and which should be delivered to him. This is evidently a cover name used by Shirakawa to avert any suspicion which might be cast upon him if he were to use his own Japanese name. XU

It was reported that on February 11, 1944, Shirakawa was taken into custody by the Argentine police. XU

Investigation conducted by SIS representatives in Buenos Aires, Argentina regarding Masao Tsuda revealed that he is the South American representative of the Japanese News Agency Domei, with offices at 868 Avenida President R. S. Pena, 5th floor, apartment 1, Buenos Aires, Argentina. XU

Tsuda was born in London in 1897, and educated at St. James College, London, specializing in politics and international labor problems. He married an American-born Japanese and is the father of two children. XU

His wife and children are presently in Tokyo, Japan. He speaks English, French, Spanish and his native tongue. He has lived in England, Germany, Austria and France and has been a diplomatic representative in England, France and Germany. He was the Japanese delegate to the Labor Bureau in the League of Nations, Geneva, Switzerland. X U

Investigation has determined Tsuda's main task was the compiling and forwarding to Tokyo information of a military, political, social and economic nature concerning the United States. Information was gathered from various sources principally being taken from North American publications. All his reports were cabled to Japan via Trans Radio International, Buenos Aires, and his monthly cable bill ranged from $6000 to $10,000 Argentine pesos monthly (1500 to 2500 U. S. Currency). X U

Tsuda was arrested by the Argentine authorities on February 15, 1944. X U

Velvalee Dickinson, a noted doll manufacturer of New York City who was arrested in New York early in 1944, was determined by investigation to be the writer of a number of open code espionage letters mailed under forged names in various parts of the United States and addressed to Ines Lopes de Molinari, O'Higgins 2565, Buenos Aires, Argentina. Investigation by SIS in Buenos Aires disclosed that Ines Lopes de Molinari was born in Chile of a good Chilean family and was married at the age of 17 to a prominent political leader, Dr. Ruiz Molinari, and they thereafter moved to Buenos Aires. X U

It was learned that the Molinaris were pro-German and pro-Japanese, that Ines has a brother, Ricardo Lopes, who was a pilot and lieutenant in the Chilean Air Force, and who had been sent to the United States to study United States methods. X U

Dr. Ruiz Molinai in the days of the Argentine Revolution in 1930 took refuge in the Japanese Embassy and then went to Santos, Brazil, on a Japanese ship. He was found to be the possessor of a Japanese decoration of which he is very proud, and was on good terms with Baron Tomil who was Ambassador at Buenos Aires, and was frequently invited to parties at the Japanese Embassy. X U

Velvalee Dickinson also was pro-Japanese and her messages were evidently intended for the use of the Japanese in view of the investigation in Buenos Aires showing the Japanese connections of the Molinaris. X U

The Legal Attache at Buenos Aires, Argentina, has been in close contact with Captain Ricardo Prati, the Military Attache at the Italian Embassy, subsequent to the capitulation of Italy and the pledge of allegiance by the Embassy officials to the Badoglio Government. Captain Prati has furnished the Bureau through the Legal Attache, much important information concerning the operation of Italian espionage in Latin America and is also in X U

the process of furnishing information in his possession concerning the operation of German espionage. &U

A double agent in the Italian espionage system in Latin America was developed by the Buenos Aires SIS Agents. He identified Luis Bonassi of R.S. Pena 811, Buenos Aires, as the head of an Italian espionage ring. Bonassi arrived from Italy aboard the SS "Cabo de Hornos" at Buenos Aires on May 20, 1942, accompanied by a radio operator, Carlos E. Bidone, who is in reality a non-commissioned officer in the Engineers Corps, and whose true name is Perfetto. Bonassi claims to be an Argentine citizen, but it has been ascertained that his birth certificate was fraudulently obtained in Rome, Italy, with the assistance of two Argentine Consulate officials. His true name is Captain Ricardo Valli, who has long worked in the Italian espionage system, first in North Africa and later in the Western Hemisphere. Bonassi has been constantly in touch with the Italian Embassy in Buenos Aires through Captain Ricardo Prati, the Military Attache, who has taken the place of Commander Eugenio Torriani as the head of all Italian espionage in Latin America after the latter's death in an automobile accident in June of 1943. &U

Bonassi obtained a radio transmitter for Bidone and established him at the address of the perfume shop at Calle Rivadia 5695, Buenos Aires, with the assistance of Mario Gomez, and Bruno Perpetuo Bigotti of Calle Pichincha 364, both of whom worked with Bonassi in the cover firm of Luis Bonassi and Company of Avenida R.S. Pena 996, as well as assisted him in his espionage activities. The shop where Bidone operated was run by Bigotti's wife. &U

Another individual who has been known to assist Bonassi and who has had a radio transmitter installed in his home is Ignacio Grandinetti, Cochicho 752, Buenos Aires. The name of this individual was given by Bonassi as a person through whom espionage information could be forwarded to Bonassi. It is known that Grandinetti has operated his transmitter inasmuch as an individual in Rio de Janeiro has been found who has been in radio contact with him. However, no evidence has as yet been uncovered to indicate he used this radio for the transmission of espionage information. &U

Another individual identified as one of the leaders of an Italian espionage ring is Andres Angel Bonzo, who left Rome, Italy, after a period of training in May, 1942. He came to Argentina accompanied by his radio operator, also a non-commissioned officer in the Engineers Corps, named Jose Carlos Trotti, whose true name is Zaffarella. Bonzo is a native Argentine, having been born in Chivilcoy, Argentina. He is a lawyer and a member of the Italian Army Reserve who was called to active duty upon the entry of Italy into the war, his assignment being to the Ministry of Popular Culture with the rank of captain. At his own request, he was reassigned later to Argentina for the purpose of establishing an intelligence service. Bonzo was instrumental in obtaining the necessary documents for &U

Benassi, Tretti, and Bidone from the Argentine Consulate officials in Rome for their travel to the Western Hemisphere. X U

During the time that Bonso was in Buenos Aires, he enlisted the services of an individual to travel to Rio de Janeiro, Brazil, to act as an espionage sub-agent. This individual was named Louis Ismael Romero, who reported to Bonso a considerable amount of information concerning Allied ship movements out of Brazil, but because of the fact that the information was being received by Bonso and turned over to Captain Ricardo Prati, his superior in the Italian Embassy, too late to be of any value, Romero was recalled and is presently residing on Calle Independencia, Buenos Aires. X U

Bonso also solicited and received the support of an old friend of his named Angelica Rocchetta, the wife of Pedro Cucsali of Calle Moline 366 in the Saavedra District of Buenos Aires. Bonso explained to both these individuals the nature of his work and the part which he wished them to play, to which they agreed. They, in fact, introduced him to another individual, a midwife named De Pellavicino of Calle Conde 1520, who agreed to give him every assistance possible in his espionage work. It was through this individual that Bonso met Romero, whom he sent to Brazil. X U

Another individual who assisted Bonso in Buenos Aires is a retired policeman, Pedro Bruno, formerly living at Callo Callo. X U

After the death of Commander Torriani of the Italian Embassy, through whom Bonso was obtaining financial assistance, he was severely restricted in the amount of money which he was able to obtain to carry on his espionage activity. As a result, he decided to return to Italy to have his position more clearly defined. X U

Bonso sailed from Buenos Aires on August 14, 1943, aboard the SS "Monte Albertia" for Spain, but was apprehended en route by the British authorities at Trinidad, B.W.I. He was subsequently taken to London where he was interrogated and furnished the complete details as to his recruitment and training in espionage work, as well as his activities in the Western Hemisphere. X U

In addition to counterespionage work and its related investigations, SIS representatives have been active in other fields of endeavor. A few typical illustrations of this are being set forth to indicate the willingness and thoroughness with which these various tasks are met. X U

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The subjects Jaime Fernandez Manzilla alias Captain Rosa, and Wolfgang Wallner alias Herman Schiller were eventually arrested by the Argentine authorities and charged with extortion. FBI

[redacted] informed the Military Attache and the Legal Attache [redacted] instructed to place a bomb in the men's room of the Embassy on January 15, 1944 at 10:00 A.M., [redacted] was intercepted by prearrangement at the Embassy entrance in possession of a live bomb and conducted outside of town where the bomb taken from [redacted] rendered harmless by an explosive expert. The Argnetine Foreign Office was notified by the Embassy on January 18, 1944, at which time the information and exhibits prepared by the Legal Attache were delivered to the Argentine Police. Both subjects were arrested this same date [redacted] clained he was acting under instruction of Cipriano Pons Lezica, and alleged nationalist and terrorist. The Police discounted the possibility Lezica was involved. However, Bureau representatives conclude it is quite probable the bombing attempt was inspired by the Argentine nationalist. FBI b7C b7D

On April 6, 1943, the Legal Attache in Buenos Aires furnished to Merwin Bohan, the Economic Counselor of the American Embassy, a comprehensive summary report consisting of 390 pages on the totalitarian firms in Argentina. FBI

Mr. Bohan subsequently advised the representatives of the Legal Attache's Office that one of the immediate results was that he was able to act within a few hours after receiving this compilation, utilizing the information as a basis for preventing a transfer of over $590,000 by one of the Axis firms in Argentina. FBI

In November, 1942, a group of prominent pro-Ally Argentine political leaders headed by Dr. Thomas LeBreton, ex-Argentine Ambassador to the United States and England, prepared a memorandum ofr presentation to the then President of Argentina, Ramon S. Castillo. The memorandum embodied a plea to President Castillo to change his policy of neutrality and cooperate more closely with the Allies. For the purpose of presenting this memorandum to President Castillo, the LeBreton group chose Dr. Pablo Calatayed, an ex-minister, a prominent political leader and a close confidant of Castillo. FBI

An undercover SIS representative in Buenos Aires who had developed a close friendship with Dr. Calatayed was able to obtain the details of this memorandum to Castillo and a complete report of Castillo's answer which explained in detail the basis and the reasons for his continuing a policy of neutrality and a clear presentation of his attitude toward the United States. FBI

Through such an intimate contact of Castillo, SIS representatives were able to keep abreast of the latest developments in the Argentine FBI

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political scene with the Castillo regime, and through the SIS system of reporting advise the American Ambassador, thereby keeping him informed of behind the scene politics which normally would escape his attention. &U

The Office of the Legal Attache in Buenos Aires, Argentina, received information in 1942 that Fritz Thyssen, wealthy industrial leader and steel magnate of Germany and author of the book "I Paid Hitler," was reported to have been sent to Argentina by Hitler to head Nazi espionage operations in Argentina. It was known that Thyssen had extensive business interests in Argentina, and it was also reported that Thyssen's daughter and her Hungarian husband, Count Berbo Zichy, who resided in Buenos Aires, were aiding and financing German activities in Argentina. &U

Through planned social contacts an undercover SIS representative in Buenos Aires was able to meet Thyssen's daughter and Count Zichy. Following various entertainments and associations in the Zichy social circle, the SIS representative became very friendly with the Zichy family and obtained first-hand information concerning the financial status and activities of the family, the fact that Fritz Thyssen was living in Berlin, Germany, and his activities and relations with Hitler at that time. &U

As the result of an analysis undertaken by the Office of the Legal Attache in Buenos Aires, the 1,046 individuals comprising the crew of the "Graf Spee" were located, identified and investigated in such a manner that the Office of the Legal Attache obtained complete information and compiled the entire data which were set forth in one comprehensive report. &U

As a result of this report, the United States Government has more complete and informative facts than the Argentine authorities regarding the members of the "Graf Spee" crew. This report was furnished to the American Ambassador in Buenos Aires in order to equip him with the forceful details of the lax manner in which the Argentine Government was handling enemies of the United Nations. &U

At a subsequent time, when Argentina severed relations with the Axis nations, it was noted that one of the first steps taken for internal security was the formulating of a definite program to be followed for safeguarding Argentina from any acts of violence by the individual crew members of the "Graf Spee." &U

When Ernesto Casimiro Uriburu was stationed in Philadelphia, Pennsylvania as Argentine Consul he was deemed sufficiently pro-Axis to warrant the State Department permission to investigate him and the Attorney General saw fit to sanction a technical surveillance on this same individual. In November, 1942, prior to the time a complete investigation became effective, Uriburu returned to Argentina. &U

An undercover SIS representative, through use of a studied channel of social contacts, managed to meet Uriburu in Buenos Aires and &U

cultivate his friendship to the point of gaining his confidence and thereby determine Uriburu's political ideology. X U

When Uriburu returned to the United States in January, 1944, in the career post of Third Secretary of the Argentine Embassy in Washington, D. C., it was possible to furnish the details of Uriburu's activities during the time he was absent from the United States of America. X U

Communistic Activities

The number of Communists in Argentina has been estimated at 30,000. Since the Party disassociated itself with the Third International in 1939 and the Argentine Government declared it illegal, it has been operating in an underground manner, and since the June 4, 1943 revolution in the country, it has been the subject of even more persecution by the Government than before. It is, therefore, not possible to give an active estimate of its numerical strength. Investigation indicates that it is managing to follow the regular party line as the Communists in nearby countries who are able to operate more openly. Some of the known party leaders, including Rodolfo Ghioldi, were able to escape to Uruguay following the June 4 coup and are operating from there. They publish a newspaper which circulated underground among Argentine Communists as well as being distributed to other Communists in Latin America. X U

Clandestine newspapers continue to be published in Argentina. The Party's principal "front" organizations were abolished by the Junta, and in addition to some 2,000 Communists, a number of Labor Leaders, Leftists, Radicals and other thought inimical to the Military Regime, have been interned. One organization which the Communists encourage and sponsor is called "Unidad Nacional." This was formed before the June 4 coup by the Communists in an effort to unite various political parties into one party. Of course, it was abolished officially when the new regime came to power, but under pressure an underground form of this party still operates whereby "groups" of eight to ten persons meet weekly in a form of social gathering and discuss national and international questions. They sponsor a dance or party once a month to raise money and receive and distribute the paper called "United Nacional." They also study Communist literature at these meetings. X U

More than ten confidential informants, some within the party, are keeping the SIS representatives informed of Communist activities throughout Argentina. X U

Also of unusual interest with regard to Communist activities was the release of Victor Codovilla by the Argentine Government in May, 1944. Codovilla is one of the outstanding Communists in Latin America. He is of Italian descent and a naturalized Argentinean. He was one of the founders of the Communist Party in Argentina and was very active in it until just prior to the Spanish Civil War when he went to Spain and X U

took a leading part on the side of the Spanish Republicans. He has studied in Russia and returned to Argentina after the Spanish Civil War to resume his activities for the party. He was arrested by the Castillo Government shortly before it was overthrown in 1943. Although it was well established that he was in bad health due to his imprisonment, the Argentine Government refused to release him until President Rios of Chile requested his release. He was released to Chile and then traveled to Mexico where he is now residing. SIS representatives are closely following his activities in that country. U

Union Eslava U

According to reports received from several sources, the U.S.S.R. is utilizing foreign groups and associations in various countries as a substitute for the dismantled Comintern. The "Committee of Slavs" in Moscow is an example. What might be termed the Argentine branch of this group is known as "Union Eslava." U

In Latin America it is estimated that there are more than 400,000 persons who are immigrants, or first generation descendants of immigrants of the slavic nations. In Argentina there are approximately 150 different slavic associations of cultural, benevolent or social character. The immense majority of these people, it is said, favor the ideology of the Committee of Slavs, wtih the exception of a few roles and Yugoslavia. U

The Union Eslava is in effect a "super-organization." It is not composed of individual members but by the various societies and organizations which have accepted the purposes and aims of the Union Eslava. It endeavors to take a definite and direct political leadership among these affiliates.. U

Activities of organizations of all types are presently curtailed in Argentina by the current government. Nevertheless, the Union Eslava has alegal existence and because it does not attempt to hold public meetings, reuions, or festivals it is tolerated by the police. An office is maintained at Calle Victoria 723. U

As a link uniting the members of the various societies which compose the Union there is published twice monthly an official bulletin called "Union Eslava." This bulletin is in the Spanish language and is said to contain exclusive articles from the Committee of Slavs in Moscow via the Union of Slavs in Montevideo, Uruguay. It is said that the Moscow Committee has its own Press and Information Department , and "Supress" is not utilized: that the articles are simply sent by cable as night letters in the Spanish language. U

A confidential source in Argentina has advised that local Communists and members of the new Soviet Legation in Montevideo are counting on Union Eslava to assist in the Soviet's program for Latin America. It U

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BOLIVIA

General

Through the efforts of the Legal Attache in La Paz, Bolivia, the Bureau has been successful in obtaining all the pertinent facts relative to the various developments which have occurred in that country during the fiscal year of 1943 - 1944.

Through contact with political sources, the Legal Attache accurately predicted the revolution of December 20, 1943, and identified the individuals connected therewith. In connection with the revolution, it is noteworthy that the Legal Attache was able to render a unique service in that he maintained communications with the United States at a time when all other types of communication had been suspended by the Revolutionary Government. In this regard, the Legal Attache, with the use of radio, acted as a conduit through which passed information not only to the Bureau but to other interested governmental agencies.

In the wake of the revolution there followed various conciliatory measures adopted by the revolutionary powers to appease the American authorities into a frame of mind which would permit recognition. In this regard, the Legal Attache, through close contact with informed political personalities, was able to anticipate and report situations prior to the time of their actual development. In addition, the Legal Attache in La Paz, Bolivia succeeded in keeping informed in current matters relating to possible espionage, sabotage, smuggling activities, deportation of Axis nationals and related events which occurred during this fiscal year.

Commercial

It is important to point out that a great many of the Germans and Japanese nationals living in Bolivia are long-time residents and had established the leading commercial houses in Bolivia. Through the American Government's policy of economic sanctions and the establishment of an expropriation program by the Bolivian Government, these firms have to a large extent ceased serving the Bolivian people.

Information received by the Legal Attache from routine investigations and from post office and police contacts have proven of inestimable value to the Office of the Commercial Attache in the execution of this program. This economic squeeze of Axis nationals has had a direct bearing on their ability to carry on espionage and propaganda activity. Actually they are so busy trying to save their businesses and trying to eke out existences for themselves that they have had little time for other activity. One known Axis propagandist practically admitted his activity to Mr. Norman Stines of the Commercial Attache's Office, but stated that since his business had been ruined by economic strangulation, he was so occupied in literally keeping himself alive that he had no time or money to carry on propaganda activities.

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was stated that various sections of the Union Eslava have been assigned the tasks of preparing reports of current events and have also received instructions to seek among the diplomatic representatives of the Slavic nations persons who, at the proper moment, will advance openly against their governments and join the side of the Soviet. It was further stated that the Union claims some progress has already been made in this direction. XU

J. Wolkonsky is president of the Union, Luis Kozel is treasurer, and the real directors of activity of the organization are said to be Dr. Tomas Davicov and Estanislao Kowalowski. Dr. Davidov is presently in Moscow. A Congress of the Argentine and Uruguay Slavs is reported to have been held in Montevideo on May 30, 1944, at which Sergi Orlov, the new Russian Minister there, spoke. XU

The Legal Attaches in Buenos Aires, Argentina, and Montevideo, Uruguay, and also in the other Latin American countries are following the Slavic movements closely. XU

La Paz. Officials of the Rubber Development Corporation in Bolivia were inclined to minimize the effect of their losses in 1943 but are becoming extremely worried over the disproportionate increase in smuggling during 1944. They blamed this increase first, on the development of many new areas of rubber production in parts of eastern Bolivia which are more easily accessible to Argentina and second, to the risks the smugglers are willing to take to obtain abnormal prices from rubber-hungry Argentina. S U

It is somewhat difficult to estimate rubber losses due to smuggling from Bolivia, for rubber is not only smuggled to Argentina but to Brazil and Peru as well. The latter cases are of known importance to the Rubber Development Corporation since these transactions are carried out to evade Bolivian internal taxes, and the rubber eventually ends up in the hands of the Allied Nations. However, an increasing number of complaints regarding smuggling to Argentina are being handled by SIS representatives. One of the most important cases developed to date has been the German Justiniano case. In this investigation twelve men were arrested by the Bolivian National Police and about 10,000 Pounds of rubber valued at approximately $4500 was recovered. S U

Unfortunately no prosecutions were obtained in this case since the Bolivian National Police, inadept in conducting criminal investigations, failed to obtain any incriminating evidence and were unable to prove a case against any one of the subjects. However, the officials of the Rubber Development Corporation stated that the arrests which received wide publicity have had a remarkable effect on rubber producers. The principal subject, German Justiniano, was apprehended, badly frightened and has now contracted for the delivery of his production to the Rubber Development Corporation. Other rubber producers have since come forth to offer their rubber to the Rubber Development Corporation. S U

Through cooperation with the Bolivian National Police and the officials of the Rubber Development Corporation, efforts are being made at the present time by the Legal Attache to establish some method of control to stop the smuggling of rubber from Bolivia to Argentina. S U

Police Contact S U

Since the time of the Bolivian revolution of December 20, 1943, SIS representatives have worked very closely with Bolivian police officials, particularly with the Director General of Bolivian National Police, Major Jorge Eguino. S U

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In May of 1944 a police school was initiated by the Bolivian Government. This school is known as the Departamento Nacional de Investigaciones and its method of instruction is modeled as closely as possible after that used by the Bureau. In connection with the opening up and functioning of this school, SIS representative [redacted] has been very active. Through arrangement with Major Eguino and Colonel Pacheco, S U

the Minister of Government, he has helped the head of the Department in selecting office space and office and school equipment. In addition, he has personally interviewed applicants for admission to this school who, after they have received their course of instruction, will be known as Special Agents of the Department. ~~A~~ U

When these men have received their instruction, which will include schooling on the penal code and various methods of investigation, they should prove of great value to the Bolivian Police system. It will be noted that the Bolivian National Police is composed almost entirely of Army personnel who know very little concerning methods of obtaining legal and admissible evidence. It is believed that graduates of this school will work in close cooperation with and be of great value to the Legal Attache's Office. ~~R~~ U

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Foreign Travel Control

The Legal Attache's office in Rio de Janeiro through the cooperation of the Brazilian police authorities in Natal, Brazil, has been able to establish a travel control program at Natal, Brazil, similar to the program existing in the United States. Natal, which is strategically located on the hump of Brazil, is an important center of operations for air line travel and all passengers en route to Europe are processed by the authorities prior to their departure from Brazil for the continent. Similarly all passengers en route from the European continent to Brazil and other Latin American countries are processed at Natal prior to proceeding to their ultimate destinations. In this manner it has been possible to thoroughly interrogate and search any individual entering Brazil who is looked upon with suspicion.

Smuggling

SIS representatives in Brazil are at the present time conducting an extensive survey into the smuggling activities of various individuals in Brazil. The Bureau previously received a request from the Foreign Economic Administration to explore the adequacy of existing laws for the prosecution of smugglers in Brazil and this project if currently receiving attention.

Considerable information has been developed indicating that numerous instances have occurred where considerable rubber has been smuggled from Brazil into Argentina. For the most part tires and raw rubber are the only two items smuggled. Of particular interest is the fact that rubber diverted from the Brazil market, which evidently goes into Argentina, results in the loss of rubber being exported by that country to the United States.

Censorship

Through arrangements effected by the Legal Attache's office SIS representatives in Rio de Janeiro have been able to secure intercepts of all suspected correspondence within Brazil. This censorship pertains only to mail within the country of Brazil and is purely local in character. Through this source the Bureau has developed considerable information pertaining to subversive activities within the country itself.

Brazilian Monitoring System

Brazilian authorities operate a monitoring system similar t character to the Federal Communications Commission in the nited States. Through arrangements effected by the Legal Attache's office in Rio , the Bureau Laboratory has been able to receive intercepts pertaining to clandestine ra radio stations and it has been found that considerable information of importance has been developed through this source.

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COSTA RICA (U)

SIS coverage in Costa Rica presently consists of a Legal Attache and one undercover special employee headquartered at the capital, San Jose. It is expected that an Assistant Legal Attache will also be provided in the immediate future to complete the coverage. (U)

The present Attache and the undercover representative have obtained and developed sources of information, contacts, and general confidential informants with the result that an efficient and comprehensive coverage has been established. (U)

Important information furnished by these SIS representatives has been the basis of the deportation of Axis Nationals during the past two years and the operation of the United States Proclaimed List of Certain Blocked Nationals. As a result of the furnishing of such information, the greater majority of real Axis espionage activity has been curtailed in Costa Rica. However, present matters of investigation and interest include work of the SIS personnel in investigating the present propaganda methods being employed by the Axis. As a result of such efforts the German Club and the German school in San Jose, which were the headquarters of such activity, were closed by the Costa Rican government and approximately 390 individuals were deported for internment in the United States. (U)

General information secured by our representatives concerning the activities in Costa Rica of Axis Nationals has been so thorough and so convincing as to be instrumental in having the Costa Rican government continue the suspension of constitutional guarantees for such residents. (U)

In similar lines of endeavor, Bureau agents have provided information which definitely proves that Falangist propaganda in support of Axis activity was being sent from Spain to Costa Rica by the Spanish Diplomatic pouch. Such information furnished by Bureau personnel has been of considerable value in functioning equably of the so-called "Black List" and the functioning of censorship facilities in an effort to control these activities. (U)

Through information furnished by Bureau personnel, the Military Intelligence Division in Panama and the Costa Rican police have been able to confiscate $60,000 worth of Panamanian revenue stamps which were being manufactured in Costa Rica. Information furnished by our representatives also effected the apprehension of the persons involved. (U)

Other Bureau coverage provides for investigations in general French and Falange activities in the Republic as well as to develop informants in the very important political coverage which is so necessary in such a country as Costa Rica where political control changes so frequently. Such coverage has been developed to an extent where complete reports are received on the status of matters taking place in the office of the president of the Republic itself which is deemed of extreme importance to (U)

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the State Department engaging in political and financial conditions in the Republic. An example of such coverage is the information which the Bureau has furnished to the State Department, on the necessity for the loan of $2,000,000 by the United States Government to Costa Rica. Similarly, the State Department was furnished with information relative to the policy of the Costa Rican government's desire to be informed of the attitude of the United States with respect to the confiscation and expropriation of the property of aliens. As a result of this information, the viewpoint of the United States was able to be brought to the attention of the president informally in this matter. S U

The Communist Movement in Costa Rica S U

Under the leadership of Manuel Mora, the Communist Party of Costa Rica has enjoyed increasing power and influence and is maintaining close relations with Communist Party organizations in other Latin American countries. S U

Apparently in keeping with the current policy of Latin American Communist organizations, looking toward a popularization of the Party program in Costa Rica, it has recently been announced that its official name is "Van Guardia Popular". S U

The Party in Costa Rica took active part in the presidential campaign which resulted in the election of Teodoro Picado in February, 1944. The Party in Costa Rica entered a signed pact with the Picado supporters pledging support of the Party in the presidential campaign. It is reported that the activities and influence of the Communist Party contributed considerably to the successful campaign of the Picado group. S U

The Communist Party of Costa Rica has in the past drawn its membership from laboring groups and has participated in the organization of labor sympathizers. The National Committee of the Confederation of Workers of Costa Rica is comprised exclusively of members of the Communist Party who also serve on a labor committee within the Communist Party organization. S U

On May 8, 1944, it was announced that as a result of an exchange of notes between Russian and Costa Rican Government officials, diplomatic relations were established between the two countries. It is expected that Constantin Oumansky, Russian Ambassador to Mexico, will present his credentials to the Costa Rican government in his capacity as Russian Minister to the latter country. S U

Investigation is continuing concerning various individuals prominently connected with the Communist movement in Costa Rica. These individuals include Spanish Communists who are known to be in contact with the Spanish Communist leaders in Mexico. Also under investigation is Cesar Ortiz, a Mexican citizen who is a staff representative of the Associated Press and a correspondent for the Communist "Daily Worker" of New York who arrived in Costa Rica from Mexico during May, 1944. It was reported that Ortiz actually visited Costa Rica as an "Advanced Agent" on behalf of Oumansky, Soviet Ambassador to Mexico, and Ortiz is known to have maintained close contact with Communist Party headquarters in Costa Rica since his arrival there. S U

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CUBA

Curriculum for Cuban Police

Commandante Mariano Faget de Diaz, Director of the S.I.A.S. (that section of the Cuban Police devoted to national defense and subversive activities), requested our Police Liaison Officer to assist him in drawing up a curriculum for a retraining school for S.I.A.S. Agents. The following course was suggested by the Bureau:

½ hour	- Making notes in class
1½ hours	- Jurisdiction of Cuban Police
1½ hours	- Searches of persons
1½ hours	- Searches of places
3 hours	- Report writing
3 hours	- Communications and law enforcement
1½ hours	- Development of confidential informants
13 hours	- Classification of fingerprints
6 hours	- Latent fingerprints
3 hours	- Technique and mechanics of arrest
3 hours	- Interviews, confessions and pretexts
6 hours	- Descriptions of persons and portrait parle
1½ hours	- Testimony and courtroom behavior
1½ hours	- Crime prevention
1½ hours	- Espionage investigations
1½ hours	- Sabotage investigations

Commandante Faget has requested the Police Liaison Officer to conduct one and one-half hour classes daily on these subjects for one month. Material on which this agent may base his lectures is being prepared for forwarding to him.

Operations with Cuban Police

SIS operations in Cuba during the past year have been maintained on a very excellent level with the Cuban Government and the Cuban Police. This has been in a large measure due to the continuing efforts of SIS personnel in Cuba that this good will might be maintained. It is, of course, apparent that SIS operations in foreign countries are greatly facilitated when good relations exist between SIS personnel and the individuals employed by that foreign government with whom they have to deal.

One example of the benefits to be derived from such a policy is the position in which the Bureau now stands in Cuba with the Cuban Police despite the recent ouster of General Menitas, with whom excellent relations have been maintained, as Chief of Police.

Coverage of Political Trends and Activities

The Havana, Cuba, office of SIS maintains well-placed informants

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for the purpose of remaining constantly aware and advised of political activities and trends in Cuba. The presidential election in Cuba was held on June 1, 1944, and for several months prior thereto, political activity in Cuba was intensive. Supposedly qualified observers continued to report that Saladrigas, the candidate of President Batista's party, would be elected, primarily because of the fact that Batista's party would control the voting and counting of the votes to guarantee that their party candidate would win the election. Qualified observers prior to the election reported that Ramon Grau San Martin, the Opposition candidate, would win the election, if a fair election were held, because he appeared to be the people's choice. SU

As it actually happened, it appears that President Batista allowed Cuba to have an honest election and Grau San Martin was elected the next president by a large majority of votes. He normally will take office on October 10, 1944. SU

A few days after the election, i. e., June 9, 1944, General Benites (General in the Cuban Army and Chief of the Cuban National Police) was ousted from his official position both in the Cuban Army and the National Police, although, for publication, Benites continues to insist that he still holds his position and will return to Cuba after a short rest in the United States. SU

Actually General Benites refused to resign as requested to do so by General Batista, but was forced to leave Cuba and it is not expected that he will return until Grau San Martin takes office in October of 1944. His ultimate return will depend upon the reception which he may receive from the Grau San Martin Government. SU

The activities concerning General Benites were of extreme interest to the Bureau, inasmuch as Benites has always given great cooperation to SIS activities in Cuba directed against espionage and subversive activities. It is interesting to note that prior to his departure from Cuba for the United States, General Benites requested a visit from the Legal Attache and one of the Assistant Legal Attaches. He was visited by these individuals upon permission being given by the Acting Chief of Police. During this interview General Benites conveyed his continuing high regard for the Director of the Federal Bureau of Investigation, advised he would maintain in strict confidence any information which he might have concerning SIS activities in Cuba, stated that the Bureau will continue to receive his warm friendship, and that he will not embarrass the Bureau or its Director in any way. SU

The latest reports indicate the Cuban Army and the Cuban Police are strongly supporting the newly constituted Cuban Government and will continue to do so. It is of primary importance to the Bureau to know that SIS operations in Cuba evidently will suffer no setback either through the departure of General Benites or the election of Ramon Grau San Martin. This is believed, in a large measure, due to close and extensive relations maintained by SIS personnel in Cuba. SU

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Expulsion and Internment of Axis Nationals

On May 18, 1944, by agreement between the Bolivian Provisional Government and the United States Government, twenty-nine Japanese and fifty-two German nationals were deported from Bolivia and brought to the United States for internment. The Sufficient List of the Department of Justice Alien Enemy Control was used as the basis for selection of the deportees, this list having been compiled from information in the files of the Legal Attache's Office in La Paz. ~~S~~ U

At the request of United States Ambassador Avra Warren, the details concerning the selection and arrest of these individuals were handled by Legal Attache [redacted] In connection with this, the Legal Attache worked very closely with the Minister of Government, Colonel Alfredo Pacheco and the Director General of Bolivian National Police, Jorge Eguino. ~~S~~ U b7C

Included among the Deportees were Hans Tussemg, operator of a hotel in La Paz which was considered the principal Nazi meeting place in Bolivia, and Walter Flossbach, a long-time resident of La Paz who is considered to have been one of the first German residents of Bolivia to have become a full-blown Nazi. The one woman deportee was Sra. Rosita Fink de Allworden, the daughter of an official of the German Embassy in Buenos Aires who was an employee of the German Embassy in La Paz until it was closed. She then became an employee of the Spanish Legation there handling German affairs. ~~S~~ U

Political

Until the time the instruction to cease political reporting was issued in October of 1943, the Legal Attache's Office was following very closely political developments in Bolivia and in the light of the revolution of December 20, 1943, the information compiled was shown to have been exceedingly accurate and well-developed. ~~S~~ U

For several days after the revolution all ordinary means of communication with the outside world were cut off. The Legal Attache lent essential service to the Ambassador and the Military Attache in furnishing radio facilities for communication with their respective departments of the United States Government. ~~S~~ U

Since the revolution the Legal Attache has kept currently posted on political developments through contacts with cabinet and high police officials of the Bolivian Provisional Government headed by Major Gualberto Villarroel. ~~S~~ U

Economic

Rubber smuggling between Bolivia and Argentina is becoming a type of investigation of prime importance to the Legal Attache's Office in ~~S~~ U

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BRAZIL

Statistics

A recent statistical study made during the year by the Legal Attache's office in Rio de Janeiro has disclosed that a total of 1193 persons who had been the subject of investigations by SIS representatives or in whom the Bureau has had an interest, have been arrested in Brazil. Of this number 288 were arrested on espionage charges, 835 persons were arrested for internal security reasons, 24 were arrested on sabotage charges, and 46 arrests were made for varied security reasons. Of the total number arrested, it is to be noted that: 80 persons have been convicted on espionage charges, and 6 on other charges, resulting in the imposition of a total of 1298 years of prison sentences; 209 persons have been interned; 79 persons are awaiting trial; and 796 persons have been released. Of the number released, it is reported that many of these individuals are required to report their activities regularly to the Brazil police authorities.

Espionage Activities

Climaxing an investigation instituted by SIS representatives in Brazil, Fernando Manuel de Almeida e Motta Marques was arrested by the Brazilian authorities after information concerning his activities had been placed in their hands through appropriate diplomatic channels. Marques admitted that he had been recruited by the Germans in Portugal and that he had been instructed in the use of radio short wave equipment, as well as in the use of secret ink communications. Marques was to communicate with his father, Carlos, in Portugal, who is reportedly an active Axis agent, and subsequent information developed indicated that his father was arrested in Portugal as a member of an organization smuggling platinum and diamonds to Portugal which were later delivered to the Axis. Marques on December 13, 1943, was sentenced to eight years in prison by the Brazilian Supreme Court.

Ernest Walter Luck, who was known as the "Unofficial German Consul" in Natal, Brazil, was sentenced by the Brazilian Supreme Court to a term of 14 years in prison on espionage charges. Luck was thoroughly investigated by SIS representatives and it was disclosed that he was not only actively engaged in securing espionage information, but was distributing German propaganda which was transmitted to him from Recife, Brazil.

Edmond di Robilant, a former Italian espionage agent in Rio de Janeiro, was, in December, 1943, sentenced to serve a 14-year prison term for violation of the Brazil Espionage Act. Di Robilant's activities which were thoroughly investigated by SIS representatives disclosed that he had been recruited by Enzo de Vicino, a captain in the Italian Navy. Di Robilant, an employee in the Italian Airlines in Brazil, endeavored to set up a short wave reporting service in Rio de Janeiro for the purpose of transmitting his information to Rome. In order to cloak his activities he purchased a

country. On August 9, 1943, Wilhelm Heinrich Kopff, a German National, and William Marcus Baarn, a Dutch West Indian Negro, landed on the shore of Sao Joao da Barra, Brazil, from a 63-foot German fishing vessel named the "Santa Barbara", which was captained by Heinrich Garbers, an internationally famous German sportsman who in July, 1938, sailed a 30-foot sloop from Hamburg to New York in 57 days. Both Kopff and Baarn were immediately apprehended by the Brazilian authorities and SIS agents have thoroughly questioned the two German agents. Kopff and Baarn furnished considerable information of value concerning the methods employed by the German government in training, transporting and equiping its espionage agents for work in the Western Hemisphere. XU

Ferdinand Baron Bianchi, an Austrian by birth who later became a German naturalized citizen in order to assist the Fatherland, was arrested by the Brazilian authorities on December 16, 1943. At the same time a number of Bianchi's associates were arrested and it was believed by the police authorities that another espionage ring had been broken up. Bianchi's residence was searched by the police subsequent to his arrest, at which time the police located a tin can in his house which contained aerial maps of the city of Porto Alegre, the power plant at Sao Paulo, the city and airport of Rio de Janeiro. Also found in Bianchi's home were earphones, a radio receiver and a letter tending to establish his pro-Nazi sympathies. At the present time Bianchi and 14 of his associates remain in prison in Rio de Janeiro. Investigation concerning their activities is continuing. XU

Internal Security

According to information obtained by SIS representatives, the Chain of Death organization is said to be composed of 1746 committees secretly formed in Europe and America, and it is alleged that the members intend to adopt forcible and destructive measures against the Allies. It is alleged that the organization is terroristic and is possibly being used by sabotage and espionage agents. The organization is said to have been formed at Campi Salentini, Italy, and is believed to be composed of southern Italians from Calabria, Sicily and Pugli. SIS representatives are endeavoring to determine further information regarding the activities of the afore-mentioned group. XU

Dr. Fritz Robert Franz Fenthol was originally arrested by the Brazilian authorities for over-staying his permission to remain in that country. As a result of investigation conducted by SIS representatives it was determined that Fenthol had many influential contacts that he had traveled extensively and had large sums of money for which no satisfactory explanation could be given. It was rumored that Fenthol was a pilot in the German Air Force, a ranking officer in the German Army and a Sicherheitsdienst agent, as well as a ranking Nazi Army official. As a result of the investigation conducted by Bureau representatives and the interrogation of Fenthol, much important information concerning Germany was obtained. The Brazilian authorities have indicated that they intend to hold Fenthol in custody for the duration of the war. XU

rabbit farm where he installed radio transmitters. These transmitters were seized before any actual messages could be sent to Rome. X u

Werner Christoph Waltemath, a German who had resided in Brazil since 1930, returned to Germany in 1939 and was almost immediately drafted for army service. He entered the Signal Corps of the German Army, and in 1941, having become proficient in radio telegraphy, he was allowed to return to Brazil on the condition that he would construct a radio transmitter and furnish espionage information regarding the United States. Waltemath also received instructions in the use of secret inks and microfilms containing code instructions for the operation of the radio transmitter. Waltemath arrived at Natal, Brazil, via Lati Air Lines, and subsequent investigation conducted by Bureau representatives lead to his arrest on June 1, 1943, at Sao Paulo, Brazil. When the Sao Paulo political police raided his residence in that city they found a radio transmitter and a radio receiving set cleverly concealed in a false cellar under the living room floor. On December 28, 1943, Waltemath was sentenced by the Brazilian Supreme Court to 27 years and six months on espionage charges. Paulo Griese, his brother-in-law and accomplice, received a 25-year sentence. X u

From a highly confidential and reliable source it has been learned that Plinio Salgado, a former leader of the Integralist Party in Brazil, is cooperating with the German agents in Lisbon. The Intergralist Party is patterned along the lines of national socialism and has been characterized as being nationalistic, anti-Communistic, anti-Semitic, and pro-Catholic. Salgado, who has been living in exile in Lisbon since the unsuccessful Integralist revolution in 1938, is known to be in close contact with the German Sicherheitsdienst agents in Lisbon. It is believed that the Sicherheitsdienst agents are through Salgado utilizing the services of the former members of the Integralist Party in Brazil in an effort to secure information regarding the United States and the Allied nations. An extensive investigation regarding this matter is presently being conducted by SIS representatives. u X

Urquiza Santana was arrested by the Brazilian authorities in 1942 in connection with the round-up of the German espionage agents or radio station "C.I.T". Santana at the time of his arrest was employed as traffic manager at the Port of Rio de Janeiro, and subsequent investigation determined that he had been working for Hermann Bohny, Military Attache of the German Embassy in Rio de Janeiro. Santana, subsequent to his acquittal by the Tribunal Segurance Nacional, on July 21, 1943, obtained the position as Dock Superintendent by the Belem, Brazil, Port Administration. In this position he has access to Allied shipping movements and other confidential information. SIS representatives at the present time are continuing an intensive investigation to determine whether Santana is presently cooperating with Axis agents. X u

Since the round-up of the Axis agents in Brazil in 194[illegible], Germany has found it exceedingly difficult to establish espionage agents in that X u

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At the request of the Department of State, Bureau representatives in Brazil and the United States conducted extensive investigation in an effort to determine whether a group which included Brazilian political exiles was engaged in fomenting plans to overthrow the government of President Getulio Vargas. These activities in the United States were allegedly being carried on under the direction of Octavio Mangabeira, a former Foreign Minister of Brazil; Rafael Correa de Oliveira, a member of the Brazilian Treasury Delegation in New York; Ildefonso Falcao, Brazilian Consul in Boston; and Ilda Boavista Ferreira, a delegate of the Brazilian Red Cross dispatched to the United States to study our war effort. Investigation reflected that Octavio Mangabeira and Armando de Salles Oliveira, a Brazilian political exile presently residing in Buenos Aires, Argentina, were the two foremost advocates of a revolutionary coup. The investigation revealed that Mangabeira was actively engaged in the distribution of manifestos designed to undermine confidence in the present Brazilian Government, and papers found in his possession reflected that he considers that government as being modeled along Axis lines and firmly believes that it must be overthrown in order to liberate the Brazilian people from tyranny. XU

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Police Liaison XU

Through the efforts of the Legal Attache's office in Rio de Janeiro the Bureau has been able to establish police liaison offices in Rio de Janeiro, Porto Alegre, and Sao Pulo, Brazil. Special Agent [redacted] police liaison officer at Rio de Janeiro, has recently fortified his position as being a consultant for the Rio police officials with regard to police instruction in schools by delivering a series of lectures on various matters in Portuguese before an assembly of chiefs of the various sections of the Police Department. XU

Special Agent [redacted] at Porto Alegre consults daily with Dr. Plinio Brasil Milano, former chief of the Political Police at Porto Alegre, but who is now a higher official of that city. So well known is Special Agent [redacted] in his capacity as a liaison officer that he has been approached by newspaper and police reporters to provide material for articles concerning the Bureau's work for country-wide publication. XU

b7C

Special Agent [redacted] stationed at Sao Paulo has been so favorably regarded in his assignment with the police of that city that complete cooperation of all matters desired by the Legal Attache is taken as a matter of course. XU

b7C

In conjunction with the liaison work which the SIS Section of the Bureau is conducting, a system of training of Latin American police officials by the FBI at the Seat of Government has been developed. From time to time prominent police officials who have been cooperating with the various offices of the Legal Attaches in Latin America have been given a course of training by the Bureau. Among those who have received this training are Dr. Plinio Brasil Milano, former chief of the Political Police at Porto Alegre, and Major Joaquin Luiz Amaro da Silveira, the present delegate for the Political Security and head of the Counterespionage Section of the Rio de Janeiro Police Department. XU

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CHILE (U)

The attitude of the Chilean Government toward the control of Axis nationals and their activities has been extremely lax although the Government has severed diplomatic relations with the Axis. Security measures were enacted, but not effectively enforced, as for example, the enforcement of the relegation program which involved individuals believed dangerous to the country. Such persons were removed to remote areas but regulations regarding travel and communications were not rigidly supervised. This condition has necessitated wide coverage in all fields of German, Japanese and Italian activities. (U)

The German espionage system took advantage of the situation in Chile to use that country as a major base for its activities on the west coast of South America. Extensive and wide-spread investigation by SIS representatives resulted in the development and compilation of information which was presented to the Chilean Government in February, 1944, through the American Ambassador, which enabled the Chilean authorities to round up over fifty individuals who were involved in German espionage activities. More than forty other individuals have been implicated with members of this espionage organization. The investigation demonstrated the ease with which the Germans were operating in Chile, and provided evidence of activities from as early as 1941 to the present time. Our representatives were not only responsible for developing this case, but also assisted Chilean authorities by furnishing supplemental information which aided in the interrogation of individuals involved. Action in this instance has removed a vital link in the German espionage system, and it may be stated that this Fascist organization known as the clandestine radio station PQX and other associated groups would still be in operation if it were not for the excellent work of Bureau representatives in Chile. (U)

As an example, the important developments in the PQX Case included information which solved a pending investigation regarding the clandestine radio station GWS-NOI which operated in Chile during 1942. Guillermo Kunsemuller (Rothmann) admitted being the operator of the NOI Station and established the leadership of this group with Ludwig von Bohlen of the German Embassy prior to his repatriation from Chile. (U)

Not only did the PQX investigation possess national ramifications within Chile, but it also involved international activity, including information which may lead to the expulsion of Aristides Parodi, Secretary of the Paraguayan Diplomatic Mission in Santiago. Evidence was obtained concerning espionage activities of certain Paraguayan nationals, including Humberto Perez and Adolfo Aderno, as well as Heinz Lange, a known dangerous espionage agent who formerly resided in Paraguay. It was revealed that Parodi had assisted these individuals in obtaining Paraguayan documents which were needed by them for continuance of their residence in Chile. He also obtained information regarding agreements of a confidential nature concerning the American Chancelleries in Chile which Lange was able to transmit to Germany. The Chilean authorities were contemplating action in furnishing this information to the Minister of Foreign Affairs in order that Parodi could be declared persona non grata. (U)

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While a great deal of publicity was given the disclosure of German espionage activities in Chile and the fact that clandestine radios had been used by the organization, recent information indicated the existence of a clandestine radio station which operated as late as February, 1944, by Edmundo Guevara (Reinero). A statement given by Regina Ilabaca, mistress of Guevara, revealed that he and several retired Chilean Army officers were involved in the operation of a clandestine radio station. The Army officers identified were Colonel Luis Varela and General Francisco Xavier Dias. b7D

Investigation with regard to German activities has included many varied types of operations by German agents. It has been necessary to follow communication channels for evidence of secret ink writings as in the case of Humberto Castro, alias Humberto Silva, who was involved in the transmission of secret writing communications to a drop box in Bern, Switzerland. The plain text of the communication was an innocent-appearing letter while the secret writing disclosed information of a security nature regarding the war production of the United States. The signatures on the communications, namely Humberto Silva and Humberto Castro, were found to be identical by the FBI Laboratory, and while not identified with other communications, a striking similarity between the author of the Castro letters and an individual signing his name as German T. Miller and Geoffrey, who forwarded secret ink communications to the same drop box in Europe, have given an indication that the same German agent is possibly active at the present time in South America. b7D

During 1943, many efforts were made by the Germans to place agents in Latin America for the purpose of establishing a well-organized espionage system. In May, 1943, a young Spanish medical student, Rosendo Almozara, was arrested in Buenos Aires aboard the Cabo de Hornos when he was found to be carrying espionage information, money and instructions for delivery to an unknown German agent. This material was undoubtedly destined for use in the United States. The unknown agent was also to establish a clandestine radio in Chile. In December, 1943, Almozara was sentenced by the Argentine Courts to serve two years in prison. b7D

Also arrested by the Argentine authorities was [redacted], who admitted he was to receive the espionage material from Almozara. [redacted] was released by the Argentine authorities shortly after his apprehension and no publicity was given to the fact that he had been involved. He was expelled to Chile [redacted], [redacted] was in cable contact with German superiors in Madrid, attempting to secure further instructions and money through a ship courier to be contacted [redacted], in Buenos Aires. The activities of [redacted] were under the complete supervision of the Legal Attache in Buenos Aires, and though no communication has been received from Spain, it is known that an endeavor was made to transmit a message to [redacted] who arrived in Buenos Aires in January, 1944. [redacted] was not aware of the nature of the information which was to be transmitted and made no effort to determine the communication that was to be transmitted. b7D

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[redacted] has revealed valuable information concerning his training in Europe by the Germans as well as information concerning individuals contacted by him prior to his departure from Spain for South America. One individual described by [redacted] as the chief radio operator for the German espionage system in Spain was known by the name of Carlos. This person had advised [redacted] that he formerly had been employed as a radio operator by the German-owned air lines Scadta at Cali, Colombia. A request was made of the Legal Attache at Bogota for photographs of employees of the Scadta Airlines. More recent information was received regarding an individual named Karl Heinz Albrecht Crosspaetsch, alias Carlos, who was described as second in charge of the Abwehr W/T communication system in Spain. Information in the Bureau's files reflected that one Karl Crosspaetsch was formerly in charge of the Scadta Airlines Radio Station at Cali, Colombia. Investigation as to the background of this individual was requested of the Legal Attache at Santiago for possible identification by [redacted]. Upon reviewing the photograph of Crosspaetsch, [redacted] identified him as being the individual known as Carlos in Madrid, who is a radio technician employed by the German espionage group with headquarters in Madrid. XU

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In June, 1944, Special Agent [redacted], assigned to the Office of the Legal Attache in Santiago, obtained information that one Solano, employed as janitor and messenger at the United States Consulate, Arica, Chile, had been selling waste paper trash obtained from the Consulate to Cesar Cacitua, head of the Chilean Investigaciones in that area. It was known that certain codes used by the United States Navy had been obtained by this method; however, it was not believed that the information involved material which would enable those in possession of the codes to decode naval radio traffic. Our representatives have been on the alert for information regarding possible activities by Axis elements to obtain espionage information regarding American activities in Latin America. XU

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The Republic of Chile has cooperated fully with the Allied war effort in supplying strategic metals, such as nickel, copper and nitrates. Several vessels of British registry have been involved in findings which have partially or totally destroyed the cargo of nitrates. One vessel, the S.S. Loreto, was damaged shortly after it took on the cargo of nitrates at a port in Chile. Two other British vessels proceeded to English ports before the fires occurred. On December 20, 1943, the Argentine vessel, S. S. Rio Juramento, carrying a cargo of nitrate from Tocopilla, Chile, to Buenos Aires, was found to have been the subject of an attempt by unknown parties to sabotage the vessel and its cargo. At the time of unloading the cargo in Buenos Aires, two incendiary devices were found in the hold containing the nitrate. The devices in question consisted of two large glass milk bottles half filled with gasoline, within which were placed cork test tubes. One test tube contained sulphuric acid and the other a mixture of potassium chloride and sulphur. Apparent faulty construction of the incendiary devices resulted in the failure of this attempt to sabotage the ship. Photographs of the devices were obtained and specimens of the chemicals involved were made available to the FBI Laboratory for appropriate examination. XU

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Not only have our representatives been on the alert to obtain information regarding activities of Axis elements in their attempts to sabotage supply of strategic war materials but they have closely observed activities of these elements in smuggling such materials to Argentina where they would be made available to the Axis or to the Argentine Government. In April, 1944, information revealed an attempt by the Argentine Military authorities to obtain nickel, copper and other vital metals for the use of the Argentine Army. The Chilean authorities detained Lieutenant Marco Antonio Taboada on April 18, 1944, at which time he confessed his part in this activity. Many other individuals were involved in this plan to supply the Argentine Army with the much-needed metal; however, the plot was frustrated by the expulsion from Chile to Argentina of those Argentine nationals involved. U

In January, 1944, a plan was uncovered which revealed an effort on the part of Lorenzo Jose Galatto, Inspector General of the Argentine Department of Investigation, whereby he sought to establish Argentine agents in Chile which by agreement would allow Chilean agents to operate in Argentina. The plan, as sponsored by Galatto, sought to have agents from both Chile and Argentina sent to their respective countries on an exchange basis so that they could work in that country on matters of direct interest to their own departments. Information from Argentina reflected that Galatto and an associate working under him, Nicolas Moreno of the Argentine Police, have been and presumably still are in the pay of the Axis Embassies in Buenos Aires. Information obtained by our representatives concerning this matter was referred to the Chilean Minister of Foreign Affairs through the American Ambassador at Santiago, and it is believed that the plan sponsored by Galatto which may have originated with the Axis principals, was in this manner prevented. U

The Republic of Chile has also been used as a base for operations by certain Japanese espionage leaders. In the investigation of the activities of Tomigyo Koseki, Secretary to the Japanese Embassy in Buenos Aires and former Japanese Ambassador to Paraguay, it was revealed that one of the principal subjects was Carlos Santa Cruz Poblete, a Chilean citizen residing in Buenos Aires. It was planned that Santa Cruz would make a trip to Bolivia, Peru and Ecuador under the direction of the Japanese Embassy. He intended to travel under the cover of a delegate of the Socialist Party of Chile, while in reality, the purpose of this trip was to observe and report espionage information in the various countries visited. Couriers for this organization were known to be traveling between Argentina and Chile and coded communications were also being exchanged. SIS representatives, through the use of an informant, obtained copies of coded messages which had been sent from Buenos Aires to Santiago by members of this organization. The messages intercepted at Santiago have been decoded by the Cryptanalysis Section of the Bureau's Laboratory, and it was found that the communications contained a request for espionage information. U

Santa Cruz, in August, 1943, received from Chile a package containing 108 sheets of official United States Embassy document paper destined for U

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Javier, the cover name for Shozo Murai, Civil Attache at the Japanese Embassy in Buenos Aires. Examination of the paper by the FBI Laboratory found it to be genuine Embassy document paper. (U)

With the repatriation of Japanese Embassy officials from Chile, it is believed that the leaders of Japanese espionage departed from the country; however, activity in Chile along this line has not been discountinued as the Japanese, like the Germans, have been operating from Argentina. This fact was evidenced by information obtained as a result of investigation of Ricardo Lyon (Hubner). Lyon, a Chilean of German descent, was formerly an active member of the Japanese firm, Compania Chilena Oriental. This firm was frequently identified with espionage activities in Chile through the work of Goro Miyasaki who was deported from Chile in September, 1942, when the Chilean Government refused to renew his passport. The files of the company contained certain addresses in Buenos Aires which were known drop boxes. Lyon was a frequent contact of Japanese elements and in January, 1944, information was received by our representatives that he was to be contacted by an unknown individual who requested information as to the whereabouts of Luis Kawaguchi. The unknown individual was reported to be carrying an important message for Kawaguchi from Buenos Aires. Both Lyon and Kawaguchi were apprehended by the authorities; however, no information was obtained as to the identity of the unknown courier or the message carried by him. These facts indicate an endeavor by Japanese elements to continue espionage activities in the Republic of Chile. (U)

Political groups in Chile have been a matter of importance due to the close association between Chile and Argentina and because of a strongly organized Communist Party, as well as Nazi elements who have been active in the political field. The Legal Attache has been kept currently posted on developments through contacts with high governmental officials. (U)

The Communist Party in Chile is a legal political entity and appears to be greatly increasing its strength and influence. It produces 35,000 votes and at the present time is striving vigorously to organize all left wing parties of Chile's "Poplar Front" system into Partido Unico. The drive for this was begun in January, 1944, and the Communists are very optimistic concerning it, believing that through it they will be able to gain control of the Government. It is reported that they practically have the Socialist Workers Party in line and are using these 15,000 votes as a wedge to get the vote of the Socialist Party. (U)

Another popular weapon of the Communists in Chile is their newspaper organ "El Chilano", which they are presently attempting to increase to a circulation of 100,000. (U)

The second major aim of the party in Chile at present is to cause the present Government to recognize Russia and thereby cause an Embassy to be established in Chile. So far, no overtures in this direction are known to have taken place. (U)

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COLOMBIA

Despite an unfavorable political atmosphere in Colombia due to the indecisive policies of the present Government and the strain of an attempted revolution, the Legal Attache's Office, under a Legal Attache and eleven Special Agents, has maintained a high standard of investigative activity and has accomplished some very notable results in combatting espionage and subversive activities. The past year has seen a widening of informant coverage and increased liaison with the national and local police organizations.

As a result of the state of belligerency with Germany, declared in November, 1943, the Colombian Government has taken some vigorous action against subversive elements as a result of information developed by the Legal Attache's Office and furnished the Colombian Government by the United States Ambassador. An internment program followed Colombia's declaration of belligerency, and several individuals have been expelled, including two known espionage agents, as a direct result of information developed by Bureau representatives.

Platinum smuggling investigations have continued to be of primary importance in Colombia, and during April, 1944, the United States Ambassador requested that the Bureau send additional Agents to Colombia to concentrate on this matter. As a result, five Agents were dispatched to Colombia and have already obtained some very satisfactory results in uncovering extensive platinum smuggling operations.

Extensive coverage has been developed in Colombia concerning the political situation and over numerous revolutionary groups, composed of dissident Army officers, anti-Allied groups, Conservative Party members and other dissatisfied elements in Colombia. Within the past year the Legal Attache's Office has penetrated with informants most of these organizations and has effected excellent coverage of revolutionary groups in Colombia. There have been numerous indications of a revolution and on several occasions minor attempts at promoting a revolution have occurred. All of these have failed because the groups did not become cooperative, either finacially or otherwise. In anticipation of approbable overthrow of the present Government when the recent attempted revolution occurred, during which President Lopez was kidnapped, the Legal Attache's Office and the Bureau were able to furnish to the State Department and other appropriate agencies much pertinent information relative to the forces which endeavored to overthrow the Lopez regime.

The following is an example of one of the noteworthy achievements of the Legal Attache's Office:

Important Abwehr Official in Spain Identified Through Contacts in Colombia and Chile

It was noted that a reference was made in the German Intelligence

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It has been reported that Spanish Communists use the diplomatic pouch of the Chilean Embassy for sending their communications abroad. This has not been substantiated; however, investigation is going forward to determine whether or not this is being done. XU

There have also been reports, not substantiated, that Pablo Neruda, the Chilean poet who has had a consular post in Mexico, and Narciso Bassols, ex-Mexican diplomat and first Mexican Ambassador to the Soviet Union, have carried messages and instructions to the Communist Party in Chile and in other countries in Latin America from the Soviet Ambassador in Mexico. These individuals are receiving investigative attention. It has also been alleged that the Chilean Communists receive messages from Moscow either via radio or courier, and that they have been instructed to immediately start a campaign of anti-Yankee, anti-Imperialism propaganda as soon as the Russo-German War ceases. The Bureau has an undercover agent [redacted] working in Chile in connection with Communist matters. This agent is able to furnish valuable data as to Communist Party policy inasmuch as he is very friendly with several officers in the Party who discuss such matters with him. XU

b7C

One interesting development which occurred in Chile during the past year and which was covered and reported upon by SIS representatives was several secret meetings held by Enrique Pizzi de Porras, Cuban Ambassador to Chile, with prominent Chilean and Cuban Communists regarding the possibility of Pizzi de Porras being appointed an Ambassador for Cuba in a neutral country where his object would be to handle certain confidential matters for the Russian Government, even though he was ostensibly representing Cuba there. The present status in this matter appears to be that Pizzi de Porras is willing to accept such an appointment but the Cuban Government has not yet seen fit to assign him to the said neutral country. XU

Intercepted correspondence had revealed that an individual known as the "Russian Delegate to the Argentine" was also present at two of these meetings, and it is believed that he is presently receiving mail under the name of Jose Coos, Pasco 302, Buenos Aires, Argentina. Vigorous investigation is presently under way to establish the identity and present activities of this person. XU

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Service Directory, furnished by the British, to one Karl Heinz Albrecht Grosspaetsch as being second in charge of the Abwehr W/T Communications System in Spain and as having had some previous connections in Colombia.

Inquiry by SIS in Colombia revealed that Grosspaetsch was formerly in charge of the Scadta Airlines radio station at Cali, Colombia, and had departed Colombia at Puerto Colombia, October 28, 1940, aboard the German ship "Helgoland", without proper clearance from the Colombian authorities. A photograph of Grosspaetsch was obtained and furnished to SIS in Chile who had requested identifying data concerning former employees of the Scadta Airlines Company. A double agent in Chile, [redacted], had advised that one of his contacts by the name of "Carlos" in Madrid had been a former employee of the Scadta Airlines in Colombia. "Carlos" posed as a Norwegian. [redacted] identified the photograph of Grosspaetsch as "Carlos". This information and Grosspaetsch's photograph have been furnished to appropriate sources in London and Madrid. b7C b7D

Another interesting aspect of Grosspaetsch's case is the fact that he has a cousin, [redacted] United States Navy Dental Corps, with whom he has been in correspondence. The information concerning Grosspaetsch has been furnished to the Office of Naval Intelligence for appropriate action. b7C

Communism in Colombia

The Communist Party of Colombia is legalized in that country and its increasing strength during recent years has been reflected in the increasing number of Communist votes cast in national elections. The infiltration of labor, organization tactics, political activity, the organization of Communist Front Groups, propaganda measures, and other activities of the Communist Party of Colombia are under investigation by our representatives. The activities of various individuals known to be prominent in the Party and responsible for the formulation of political matters and "Party line" tactics are being closely covered. It has been reported that during December, 1943, an undercover Russian agent, Jose Polanski, visited various key figures in the Party for the purpose of assisting in distribution of propaganda matter and assisting in the organization of Communist Cells in Colombian labor unions.

Communist representatives from Colombia and other Latin American countries were successful in electing the President and the Secretary of the Bucaramanga National Labor Congress which was in session during December, 1943 and was attended by Vicente Lombardo Toledano, leader of the powerful labor organization, The Confederation of Latin American Workers. It was learned that the activities of the National Labor Congress included plans to consolidate all Communist-controlled labor organizations in Latin America to provide an operating base for the Communist International for which there were elected to a Directive Committee thirty-one members for the Confederation of Workers of Colombia, of whom eleven are members of the Communist Party. A confidential informant who is close to party leaders in Colombia ascertained that during a visit to the National Labor Congress, Lombardo Toledano exhibited a letter signed by officials of the Russian Comintern. This letter stated that the

Third International had been dissolved to avoid entanglements with the Allied Governments and instructed the Communist Party of Colombia to receive orders from Toledano. Toledano is reported to have advised Colombian Party leaders that he had similar written instructions addressed to other Communist leaders in South America. &U

It has been ascertained that Gustavo Machado, a Venezuelan Communist residing in Bogota, Colombia, is one of the Central distributors of Russian propaganda which is disseminated through a bookstore operated by Machado. &U

During November, 1943, Russian diplomatic personnel arrived in Bogota, Colombia under assignment to duty in the Russian Legation. The activities of these Russian representatives, particularly in so far as they relate to Communist activities in Colombia, are under discreet and thorough investigation. Investigations are also continuing to determine the effect which the dissolution of the Communist International will have on Party activities in Colombia, and information is being developed as to the methods used by the Party to further its program of labor infiltration. Particular emphasis is being given to investigative coverage of Party activities indicating the extent and nature of collaboration with Communist Parties in other countries of Latin America and elsewhere. &U

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Travel Control Program in Cuba

SIS personnel in Cuba continue an extensive travel control program whereby all individuals departing from Cuba for the United States are made the subject of letters transmitted directly from Havana to the Miami Field Division of the Bureau. By this method of operation the Miami Field Division has the benefit of up-to-date information concerning the arrival of individuals from Cuba and has that information at the time it is of most importance.

In addition, all individuals arriving from Europe aboard various neutral vessels are processed upon their arrival at Cuba. This processing is carried on in an effort to uncover individuals coming to the Western Hemisphere who maintain strong pro-Axis sympathies and individuals who may be operating for Axis authorities in espionage and subversive activities. Any information developed through this processing is forwarded to the Bureau and to the interested SIS Offices through Latin America.

In January, 1944, the Legal Attache in Havana, Cuba, made arrangements with the Cuban Department of Immigration to obtain the fingerprints and accompanying photograph of all nationals of European countries arriving in Cuba. These are now averaging 190 to 200 individuals per month and these cards are being forwarded to the Bureau for comparison against the fingerprinted cards already maintained by the Bureau and for filing for future reference. Any information which is developed as a result of the search of the fingerprints against those in the Bureau's files is transmitted to the Legal Attache and by him made available to the Identification Division of the Cuban National Police.

As a result of the excellent cooperation existing between the Bureau's Havana Office and Cuban officials, SIS personnel in Cuba are able to effect searches, seizures, interrogations and detentions of passengers and crew members of the Spanish ships which call at Cuban ports.

Relationship with Other United States Governmental Representatives

For the past several months, excellent cooperation has been enjoyed by the Office of the Legal Attache with American Embassy personnel, Consulate personnel, the Military Attache, the Naval Attache and representatives of other United States Government agencies in Cuba. Copies of reports emanating from the Office of the Legal Attache are still directed to a Central Intelligence file which is available to the Embassy, to the Military Attache, the Naval Attache and other United States officials who have a legitimate interest in the file. Cases involving strictly subversive and espionage activities are referred to the Legal Attache for investigation and in turn the Legal Attache gives all assistance possible to the Military and Naval Attaches in any cases over which they might have primary jurisdiction but which may have angles where the Legal Attache may be of assistance. An example of this during the past few months was the torpedoing of two vessels in Caribbean waters. The

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Legal Attache, upon the request of the Naval Attache, entered into a collaborating investigation in an attempt to determine whether or not espionage had played a part in permitting those ships to be torpedoed. &U

Confidential Informants, Source of Information and Contacts

SIS personnel in any foreign country must operate through and rely upon confidential informants, sources of information and contacts in a much greater degree than is necessary in the United States. In Cuba, the Legal Attache had been very successful in developing and maintaining such sources of information which permit access to the records of organizations in all types of public and private businesses and to the activities of private individuals in all endeavors. &U

During the past year considerable headway has been made in the development of the Basque organization in Cuba for information relative to Spanish Falangists and Communists and the activities carried on by those groups. Of course, considerable work remains to be done along these lines. &U

Assistance to Bureau Operations within the United States &U

The presence of SIS personnel in Cuba and their ability to accomplish almost anything along the lines of investigation which might be requested of them has been of considerable value in allowing the Bureau to complete its investigations within the United States on many occasions. An example of this is SIS activity on Selective Service matters. The Bureau has found that many Cubans were in the United States at the time registration for the Selective Service Act was required. In several cases the Cuban nationality of these individuals was not indicated and, of course, the cases could not be closed until the location and citizenship of the individuals concerned were definitely determined. In some cases, SIS personnel ascertained that the subject in question was actually a United States citizen and was able to effect his return to the United States to subject himself to the provisions of the Selective Service law. In those instances where a return to the United States could not be effected, sufficient information has been secured to permit the Bureau to place the necessary stops with the Immigration and Naturalization Service and with Customs, whereby the individuals in question will be apprehended upon their return to the United States. &U

The Bureau was recently requested by the Office of Strategic Services to conduct a certain investigation in the United States (Case of Richard Fishler, with aliases). It was ascertained that the investigation strictly within the United States would not give a full and complete picture of the situation and it remained for SIS personnel to conduct investigation in Cuba before the Bureau could comply with the request of OSS. This was accomplished with considerable dispatch. &U

Falange Activities &U

Of course, the Falange has been operating underground in Cuba &U

since it was declared illegal by a decree of the Cuban Government in February of 1942. Falange activity during the past year has been at a minimum, but SIS personnel in Cuba have continued to develop and maintain informants who have been able to keep the Bureau continually advised of any activity whatsoever along these lines. ℛ 11

Sabotage and Espionage Investigations

Although no evidences of sabotage have been developed in Cuba during the recent months and although espionage activity has evidently been comparatively lighter during the past year than in 1942 and 1943, SIS personnel in Cuba continue to spend a large amount of time and effort to making absolutely sure that sabotage and espionage is uncovered. For example, during the month of May, 1944, the Office in Cuba closed its one pending sabotage case after determining that no sabotage was present. In that same period twelve espionage cases were closed after determining that no espionage was present and twenty-three espionage cases are still pending. ℛ 11

As against the above figures, there were 157 "subversive activities" cases at the end of May, 1944, even though 49 cases of that type had been closed during the month.

Legal Attache Recommendations Followed by Cuban Naval Officials ℛ 11

Departure documents required of seamen in Latin America for shipping on board vessels bound for Europe from Latin America are known to have been falsified and reissured as a means of returning German technicians to Europe. ℛ 11

When the above information was called to the attention of officials of the Cuban Navy in Havana, the latter admitted that identification papers previously issued to Cuban seamen applying for a "Carnet de Mar" were inadequate, and could easily be falsified, were not uniform throughout the Republic of Cuba, and the photograph which was placed on the identification paper was stamped with a rubber seal of the Cuban Navy and could therefore be replaced with the photograph of another inasmuch as it was stamped before being attached to the carnet. ℛ 11

After consideration of this matter, it was assured by an official of the Cuban Navy a revised form of identification papers be requried of Cuban seamen which, together with spaces for passport information, is now contained in one booklet which bears the photograph of the applicant seamen along with the imprint of the seal of the Cuban Navy. The book also requested such additional data as fingerprints and the signatures of the seamen and the issuing officer, personal history data and description, as well as providing for the entry of dates on which the particular seaman signed on and off various vessels. This new "Carnet de Mar" was completed and replaced other forms effective November 1, 1943. ℛ 11

The identification booklet is to be used in all of the courts of the Republic of Cuba to be cancelling the procedure previously followed ℛ 11

whereby other forms of identification were issued by officials in the various ports throughout the island. It is to be noted that the new procedure constitutes an added security measure with regard to Cuban seamen in so far as identification matters are concerned. &U

Alonso &U

Alejandro Ormis Guzman is known to have been a German agent. He left Spain in September of 1943 and spent approximately six weeks each in Cuba and Mexico and approximately a month in the United States before attempting to return to Spain. When his ship transited Trinidad on the return trip to Spain, he was removed from the ship by the British authorities and is now in the United Kingdom under detention. This subject is known to have received considerable money from the Germans while in Spain and to have transferred by devious means the sum of $24,000 from Spain to Cuba. He is known to have also transferred at least $18,000 from Cuba to Mexico. He was believed to be a pay-off man for the Germans, but though intensive coverage was maintained in Cuba, Mexico and the United States, no overt act on his part indicating espionage or subversive activities for the Axis was ever uncovered. &U

It is now believed that the subject became aware of the surveillance being maintained over him while in Cuba and he immediately discontinued an intent of complying with the instructions issued to him by the German espionage authorities. Assuming that this belief is correct (and the subject has not yet admitted that such is the case), the only problem remaining to him would have been the disposal of the large sum of money in his possession under circumstances which could readily be explained to Allied authorities. The method of disposal he actually adopted was very feasible, inasmuch as he spent almost the entire sum in his possession on articles of value and scarcity in Spain. It was his explanation that he had brought such a large sum of money to this hemisphere from Spain with the purpose and intent of purchasing such rare articles to be resold in Spain at a considerable profit and thereby defray the cost of his trip. Since the subject's removal from the Spanish ship at Trinidad, SIS personnel in Cuba and Mexico have been spending considerable effort on attempts to identify the individuals whom the subject had intended to contact. &U

George Yukichi Ozawa, with aliases &U

The subject of this case has been in Cuba since 1935. He is a self-admitted Japanese espionage agent and according to his own statements has engaged in espionage for the Japanese in both the United States (prior to his departure in 1935) and in Cuba. At the present time the subject is interned at the Cuban Immigration Center at Tiscornia, Cuba. &U

The subject was first arrested in Cuba in 1937. The charge of espionage was dropped, but he served a year in prison on the charge of practicing medicine without a license. He was released for a time, but in January, 1941, he again went to a Cuban prison on charges of assault. Although he was absolved of these charges he was retained in prison pending repatriation. &U

During the past few months the subject has given FIS personnel in Cuba a great deal of information concerning Japanese espionage in the Western Hemisphere, but attempts to verify the allegations have proved negative from an espionage standpoint, and in many cases information has proved definitely incorrect. &U

Internment Program

Comments relative to Cuba's internment program for enemy aliens are included under the section of this report devoted to that general subject. &U

Communist Party

The Communist Party of Cuba, despite the inimical attitude of a newly-elected Cuban administration, continues as a highly organized and effective organization which is under close investigation by Bureau representatives. In January, 1944, the Party, pursuing a policy of attempting to increase its popularity and appeal among greater numbers of Cubans, announced that henceforth it would bear the name "Socialist Popular Party". &U

The Party has also adopted a new insignia, abandoning use of the Soviet hammer and cycle design which has been replaced by what is considered to be a more innocuous insignia. Party leaders have established these changes in an attempt to attract more Party members from groups of people who were heretofore reluctant to identify themselves with an organization which, by its name, indicated close alliance with the Communist Party of Russia. Active steps are also being taken to increase the Party's power by obtaining more members and to this end the Party structure has been extended to the development of numerous and active "cells" situated within various industries, professions, and among labor groups throughout Cuba. Ward committee are now in charge of leaders who act as direct supervisors over committee members to insure complete distribution of Party propaganda and to bring about complete organization of various associations and societies including women's groups, youth groups, as well as negro and farmer groups. &U

The Party in Cuba continues to disseminate quantities of Communist propaganda. The Communist daily newspaper "Hoy" continues to lay stress on Party news and Russian war news, and enjoys a wide circulation throughout the country. The Party owns and operates a powerful radio station which broadcasts news items, plays and speeches, all designed to further the Communist Party program in Cuba. Blas Roca, negro Communist leader, has published a book called "The Fundamentals of Socialism in Cuba", which has been heralded by Party functionaries as an outstanding document, serving as a guide for the study and qualification of Party militants, 55,000 copies of this book having been distributed to Communist Committees to date. "Editorial Paginas" is a publishing house in Havana, carrying a complete line of Communist literature which is supplied to Party members and organizations throughout Latin America. These various propaganda mediums are under investigation by Bureau representatives. &U

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The labor movement in Cuba continues to be dominated by Communist influences and the powerful Confederation of Cuban Workers is subjected to control and direction by prominent Communist individuals in Cuba, whose activities in this regard are being covered. ~~X~~

The Communist movement in Cuba has been stimulated by the activities of diplomatic personnel attached to the Russian Legation which was installed at Havana, Cuba, in 1943, July. Presently under investigation are those Russian Legation officials known to be actively engaged in Communist activities in Cuba. The Russian Press Attache has been extremely active in work concerning front organizations and Cuban newspapers and this official has made numerous speeches to Cuban laborers and has supervised the showing of Russian propaganda films, all with a view to emphasizing Russian success in the war and the success of the Communist form of government in Russia. It is known that Russian Legation personnel have been in contact with numerous Party leaders representing various foreign nationality groups presently located in Cuba. The Russian Legation in Havana is decidedly over-staffed and observers have pointed out the Legation may be serving as a "training center" for Russian diplomatic officials who are expected to serve in Russian Legations, in those Latin American countries which recognize the Russian Government, in the future. Sources of information have been developed with a view to obtaining coverage of Russian representatives in Cuba. ~~X~~

With regard to various "key figures" who are active in the Communist movement in Cuba, investigations are under way to determine the nature and extent of their participation in Communist affairs. Particular attention is being given to the activities of those prominent Communists whose power and influence indicate they are responsible for decisions of policy, propaganda, infiltration tactics, and "Party line" matters, apparently in collaboration with the program being followed by the International Communist Movement. ~~X~~

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DOMINICAN REPUBLIC &U

The Spanish Falange in the Dominican Republic was officially dissolved by governmental decree of the Republic in September of 1939; however, the Dominican Republic has numerous Spanish refugees who have taken up temporary residence there and it has been necessary to maintain informants which would permit a constant coverage over the activities of that group. This included also coverage to ascertain the extent of the Spanish Minister's reported activities in furthering the interests of Franco Spain among Spanish individuals in the Republic. &U

Because of the numerous rumors which have persisted to the effect that President Trujillo of the Dominican Republic holds pro-Axis sympathies, it has been necessary to maintain good coverage on the development of political trends with the Republic. Though the Dominican Republic declared war upon the Axis in December, 1941, war is not actively carried on by the Dominican Republic and it is necessary for SIS personnel to determine the sympathies prevalent in the Republic in favor of the Axis powers. Very good coverage has been maintained along these lines through the maintenance and development of confidential informants, contacts and sources of information. &U

During the month of May, 1944, the Legal Attache in the Dominican Republic had a total of ten "espionage" cases being handled. During that month one of these cases was closed after it was determined that no espionage was present. &U

Though the Legal Attache had no "sabotage" cases during that month, he had a total of seventy-three pending "subversive activities" cases of which he closed two. &U

Comments relative to the Dominican Republic's internment program for enemy aliens are included under the section of this report devoted to that general subject. &U

Information developed to date indicates that there is no formal organization making up a Communist Party of the Dominican Republic, composed of citizens of that country. It is indicated, however, that probably some Communist "cells" exist among a few Dominican citizens. &U

Principal Communist activity in the Dominican Republic is carried out by various Spanish Communist groups made up of individuals who arrived from Europe as political refugees following the overthrow of the Spanish Republican Government by the Franco forces. &U

The attitude of the Government in the Dominican Republic toward Communist activities is definitely hostile. Our representatives in that country have succeeded in developing valuable informant coverage among the Dominican Secret Police, who are engaged in measures looking toward the suppression of Communism. &U

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It is known that Spanish Communists are taking part in political activities in the Dominican Republic and recently it was ascertained that a current opposition movement is anticipating the overthrow of the Trujillo government, and is centered in a Spanish Communist "front" organization located in Ciudad Trujillo, the capital city. This organization has succeeded in developing sympathizers and adherents among the citizens of the Dominican Republic. X u

During September, 1943, the Spanish Communist Party held a National Congress in the Dominican Republic, pursuant to instructions received from Communists in Mexico. The Party has been active in distributing various publications designed to publicize the situation of Spanish Republican refugees and at the same time promote Communist propaganda. X u

The past few years have been a steady influx of Spanish Communist refugees arriving in the Dominican Republic and in many instances their travel has been facilitated by Mexican organizations who secure visas and supply travel funds to enable Spanish Communists to proceed to various points in Latin America, principally Cuba and Mexico. Bureau representatives have arranged coverage of this travel and information is relayed to interested offices concerning the travelers. X u

Through informant coverage developed by our representatives, Salustino Quintela Saville was arrested during December, 1943, in the act of receiving from Communist leaders in the Dominican Republic, certain documents which the courier was about to take on board a vessel bound for Mexico. The reports were to be handed over to Spanish Communists in Mexico and were made up of information relating to conditions in Spain which was obtained from crew members of Spanish vessels which had previously called at ports in the Dominican Republic. X u

Information has been developed indicating that Communists have succeeded in placing members or sympathizers in Dominican Government positions, and there are indications that Spanish Communists have succeeded in infiltrating to some extent the Dominican Army and the Dominican school system. These developments are being closely followed. X u

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ECUADOR

It can be stated that the year 1943 has produced outstanding achievements in the SIS Program in Ecuador. The situation which at first confronted our representatives was the matter of proper coverage in all fields of activity. A working organization was soon developed which resulted in the compilation of information regarding Axis nationals dangerous to the security of the Republic of Ecuador and the Western Hemisphere; subversive political information; coverage in economic fields, particularly regarding smuggling activities which have been extensive; and in other matters relating to the security of the Allied war effort. During 1943, the work of our representatives has been directed along more definite and specific lines in the investigative fields as a result of increased informant coverage and valuable police cooperation. This development made possible a much greater scope of activity. The deportation program, as instituted in 1942, has been continued and during 1943, a total of sixty-two German nationals and 3 Italian nationals were deported for internment in the United States.

The Office of the Legal Attache at Quito has been directly responsible for the success of this program by reason of action in obtaining information regarding those individuals known to have been engaged in subversive activities. Through cooperation with the Embassy, the information obtained by our representatives was made available to the Ecuadorian Government which acted to expel such dangerous aliens. This program is virtually complete as only a few Axis nationals remain in the country who have been engaged in subversive activities in the past. Such persons are presently inactive and are no longer considered a danger to the country.

Although affirmative measures had been taken to control German activities in Ecuador, it was evident that an endeavor was being made by subversive elements to penetrate the country by means of propaganda as late as November, 1943, by means of clandestine circulation and distribution of news releases from a German news agency. In December, 1941, the Transocean News Service was closed by order of the Ecuadorian Government. This news service was known to have been subsidized through the German Legation, and news releases were known to have been forwarded to the Transocean News Service in Ecuador direct from Germany. Although the news service had ostensibly been discontinued, it was noted during the summer of 1943 that two local papers in Quito carried news items which had not been obtained from Allied news releases. Extensive investigation by SIS representatives revealed the clandestine operation of the Transocean News Service through Max Ruoff, a German national employed in the Spanish Embassy. It was established that an Ecuadorian citizen, Luis Bertulfo Rivadeneira, was receiving news releases by short-wave receiver from Germany, which were being made available to radio operators employed by local newspapers who were able

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to include the releases along with their mail, which resulted in their distribution to the public of Ecuador through the local press. S U

When information concerning the activities of Rueff was made available to the Ecuadorian authorities, he was immediately expelled from the country and transported to the United States, where he is presently interned. Seven Ecuadorian nationals were involved in the clandestine operation of this news service and, upon interview, admitted their activities had been financed by Rueff. Rueff stated to the authorities that his action in operating the news service had not been directed against Ecuador, but against the United States. This case was developed exclusively by SIS representatives, and in causing Rueff's deportation, a valuable method for the distribution of propaganda for the Germans was eliminated. The United States Ambassador at Quito called to the attention of the State Department the work performed by our representatives in this matter and highly praised their activities in this regard. S U

An important achievement in 1943 related to activity by the Ecuadorian Government in locating and confiscating assets of Axis firms which had been concealed to prevent confiscation under government regulations. This program was materially assisted by SIS representatives in Ecuador as Special Agent [redacted] received an appointment as Honorary Captain in the Carabineros from Colonel Hector Salgado for the purpose of coordinating and directing a troop of Carabineros who had been assigned to the exclusive task of locating concealed property and assets. Great benefit was received by the Bureau as a result of Agent [redacted] activities in this regard, as it placed at his disposal documents belonging to blacklisted firms and the records of Axis nationals who were suspected of subversive and espionage activities. In one instance the examination of documents belonging to Casa Tagua, a blacklisted German firm, and Saico, an Italian firm, resulted in the recovery of assets in excess of 200,000 sucres ($14,000 U.S.) S U

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Other investigative activities by our representatives in the commercial field produced very favorable results in the case of [redacted], who was involved in the disposition of counterfeit United States currency and operating in the black dollar market in Ecuador. [redacted] in Quito, was transmitting American currency from Ecuador to Panama in violation of exchange regulations. It was determined that [redacted] had obtained certain United States currency from one [redacted] a German refugee who had smuggled the money into South America from Spain. When a portion of this money was determined to be counterfeit, it was transmitted to the Treasury Department of the United States, who immediately dispatched an agent of that department to Ecuador where he obtained details of [redacted] activities through the assistance of the Legal Attache. Information obtained [redacted] assisted the Treasury Department in definitely establishing the individuals in Spain who were S U

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responsible for the counterfeit currency in question, and resulted in the confiscation of the equipment used to manufacture this money. The parties involved in counterfeiting activity in Spain were identified, and it is reported that the Spanish Government was taking action against them. (U)

A possible censorship violation has been developed in this case as one [redacted] was involved in transporting counterfeit currency into the United States which had been purchased from [redacted] and upon determining that the money was of no value, he communicated with his brother in Quito, Ecuador, using an open code, requesting his brother to contact the vendor of the currency in order that a reimbursement could be obtained. (U) b7C

It has been known for some time that the black dollar market involving United States currency has been flourishing in Ecuador. While inquiry has been undertaken to establish whether such activity was sponsored as a part of a Nazi campaign to discredit American currency, one incident involved a $2,000 check deposited in a Quito bank by a Bureau undercover representative, [redacted] It was later determined that his account had been credited with a check for Ecuadorian currency in an equal sum. Realizing the possibilities of Axis elements obtaining United States dollars through this means, investigation was undertaken which determined that a clerk in the bank had sold the dollar check deposited by [redacted] to an individual in the black market. In this manner, the bank employee made a profit on the dollar check deposited by [redacted] While no Axis elements were involved in this activity, the bank employee was discharged. Authorities in Ecuador refuse to prosecute for such activity inasmuch as it is presently an every-day occurrence in that country, and this method is often used to obtain dollar credits in the United States which would not otherwise be available to merchants or individuals desiring to make purchases in this country. (U) b7C

The necessity for extensive coverage in economic matters, particularly smuggling, was evidenced by information obtained by our representatives concerning the smuggling of platinum from Colombia to Ecuador. This precious metal was sold to individuals interested in transporting the platinum to Buenos Aires, Argentina, where it was sold to Axis interests. In the case of Harold Ebury, it was established that the platinum reaching Argentina was destined for Axis consumption. With the prosecution and subsequent sentencing of Ebury to eighteen months in a federal penitentiary in United States on a Postal Censorship violation, it was possible to bring to the attention of the authorities in Ecuador the effect of smuggling platinum on the Allied war effort. Many individuals discontinued this practice upon learning that such strategic metal was destined for Axis use. However, recent investigations disclose widespread activity in this field due to the lucrative profits which are made by persons who desire to engage in this business. (U)

It has been necessary for the Office of the Legal Attache in Quito to closely follow the international boundary situation which involves (U)

Ecuador, Peru, and Colombia. During 1941, the Republic of Peru invaded Ecuador because of an alleged aggression on territory claimed by Peru. This situation has been a cause for alarm inasmuch as a conflict between neighboring Latin American countries would materially effect the flow of strategic metals presently being obtained from such countries by the United States and other Allied nations. While the Government of President Arroyo del Rio arrived at an agreement with Peru which reportedly settled the boundary situation, the agreement may possibly be complicated due to the attitude of the newly established Government of Velasco Ibarra which is composed of elements who contend that the Arroyo Government had relinquished territory to Peru which rightfully belonged to Ecuador. Information has also been received indicating the desire of the Republic of Colombia to engage in war with Peru in the event that country would not relinquish territory to Colombia as agreed, or if Peru takes any further aggressive action against Ecuador. A U

During the past year, the administration of President Arroyo del Rio took every precaution possible to ward off action by revolutionary elements due to the tense political situation. Numerous reports were received that the opposition, which included a coalition of all parties known as the Alianza Democratica Ecuatoriana, would attempt to overthrow the incumbent government. With the approach of the national election to be held in Ecuador on June 2 and 3, 1944, the Government displayed a great deal of concern over pending conditions as the political situation grew more tense. Our representatives determined through reliable sources that the Government believed that a revolt was imminent and that such action would probably result in extensive bloodshed. U A

At approximately 11:00 p.m. on May 28, 1944, a revolutionary movement broke out at Guayaquil, Ecuador, supported by the Alianza, with units of the Ecuadorian Army. Severe street fighting resulted and many people were killed, including officers and men of the Carabineros unit, which was loyal to the Government. As the revolt spread throughout the republic, it was not controlled by the Arroyo administration, and as a result, the incumbent government resigned on the night of May 29, 1944. Velasco Ibarra, former president, who had been exiled by the Arroyo administration, was immediately recalled to Ecuador and placed at the head of the provisional government for the purpose of assuming control of the country. The Bureau's radio facilities at Quito were used exclusively by the American Ambassador in communicating with the State Department, which enabled the Ambassador to forward information while the revolution was in progress. The Legal Attache advised that practically all information forwarded by the Ambassador to the State Department had been furnished by the Legal Attache's Office. A U

While Velasco Ibarra has succeeded in stabilizing his Government and is now making plans for election of an assembly which will choose the individual to be the President of the Republic, current information indicates many factions within the Alianza are dissenting to the policies of Velasco and the necessity for continued coverage is apparent as the possibility of continued political unrest exists. A U

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The Legal Attache's Office at Quito has assisted the Bureau's domestic field in many ways. In one instance involving a Selective Service fugitive from Alaska, it was possible to follow his activities and advise the Bureau of his departure from Ecuador in a home-made sloop in order that he could be taken into custody and held to answer the Selective Service charge pending against him. The fugitive, [redacted] had not been heard from since January 25, 1941, until it was ascertained that he was sailing in the Pacific waters off the west coast of South America. b7C

One of the principal exports of the Republic of Ecuador to the United States is balsa wood, which is vital to the Allied war effort in the production of airplanes. Many balsa wood mills have been surveyed by SIS representatives in Ecuador, and it has been necessary to constantly guard against activities which would indicate an endeavor to sabotage this strategic war industry. One instance of an attempt to sabotage a shipment of balsa wood from Ecuador to the United States was received in September, 1943, when an employee at the warehouse of J. H. Monteath Lumber Company in New Jersey stepped on a match which ignited the sawdust and shavings in the warehouse where the balsa wood was stored. It was reported that matches were found in the bundles of balsa wood. Inquiry undertaken in Ecuador with regard to this incident disclosed the act of placing matches among the bundles of balsa wood could not have occurred in Ecuador inasmuch as the matches in question were the common kitchen-type match which is not sold in Ecuador and is not available in that country.

Another questionable case involving a fire which destroyed the Manfasna Balsa Wood Mill was thoroughly investigated by our representatives, and no evidence of sabotage was found in this instance.

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The coverage of Communist activities in Ecuador has been unusually good because of [redacted] Pedro Saad, Communist labor leader of Guayaquil, Ecuador. This informant, [redacted] who has spent many years in Latin America and who was active in [redacted] which he in turn reports to the Legal Attache. The Communist Party in Ecuador was not recognized by the Government of Arroyo del Rio, which was overthrown by a revolt instituted on May 28, 1944. Because of the sympathy of the new Government established under Velasco Ibarra, it is expected that the Party will play a much more important part in local developments. A leading Communist, Jean Mariguet, who was imprisoned by the Arroyo Government, has already been released and Communist leaders including Pedro Saad and Enrique Gil have served in posts in the provisional Government. The Communist Party was affiliated with Alianza Democratica Ecuatoriana, which organization was responsible for the overthrow of President Arroyo del Rio.

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GUATEMALA

The present SIS representation in Guatemala consists of one Legal Attache and three Assistant Attaches, and one undercover Agent.

Very successful relations have been established with General Ordines who has been Director General of the Guatemala National Police. The relationship was developed to such an effective degree that General Ordines insisted on personally handling all the Agents' requests, no matter how minor they may be in nature. The Guatemala Government established a new crime bureau, and a representative of the Bureau made a very thorough examination at the request of General Ordines of all facilities then existing in the crime laboratory and made recommendations of necessary minimum equipment and facilities which would be needed before the crime laboratory could operate efficiently.

Having agents attached to the United States Embassy in an official capacity has permitted excellent coordination between investigations in Guatemala and in the United States. There has been throughout the year a considerable exchange of information of mutual advantage. An examination of this is well shown by the case of [redacted] in which the Bureau was very interested. [redacted] had left the United States for Guatemala, ostensibly on a vacation. He was expected to remain several weeks in Guatemala and then was to proceed to Buenos Aires, Argentina, before returning to the United States. It is believed possible that he had been contacted to act as a German Agent while in Guatemala and an investigation was requested of his activities while there. This was done and evidence developed which helped to support the investigation which was going on in the United States. There were numerous instances of this kind. Undercover agents in Guatemala have also been able to secure the official records of several German organizations in that area. These records included membership lists of the NSDAP, individuals who voted in the Nazi plebiscite in 1938, lists of trusted Germans, membership lists of the German Club, and membership lists of the German School which was very closely associated and affiliated with the German Club and the NSDAP operations. b7C

Thorough surveys were also conducted by SIS personnal of French, Italian, and Japanese activities and organizations in that country. In connection with the survey of Spanish activities in Guatemala, Bureau Agents were able to secure an issue of "Amanecer," the official magazine of the Spanish Falangists in Guatemala, and also listed the leaders and most important members, many of whom were in the country and active. These papers also contained photographs of various members and set forth the oath of the Falangists and gave a list of contributors to various Falangist operations and the like.

The Bureau SIS representatives spent much time in the various Departments of "States" of Guatemala and secured important official records

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and information concerning all phases of subversive activities in those sections. These surveys were submitted to interested governmental agencies as separate projects to supplement what information they already had. SIS representatives in Guatemala played a large part in furnishing evidence which resulted in the arrest and internment of most of the pro-Nazis in Guatemala. &U

On October 24, 1943, when sixty-eight German nationals were deported from Guatemala to the United States as dangerous enemy aliens, our representatives were designated to be responsible for the over-all handling of details in connection therewith. This included arranging for arrests, questioning of all deportees, fingerprinting, photographing, providing physical examinations, and providing guards and proper detention headquarters. The deportation included 119 persons. Separate reports were submitted on each deportee and these enabled the Bureau to conduct further intelligent questioning of the subjects after their internment in the United States. As a result, the Bureau obtained further detailed information on Nazi activities in Guatemala and Central America. &U

The manner in which the SIS personnel handled this project brought voluntary praise and commendations not only from the ship's officer to whom the deportees were delivered, but also from the American Ambassador in Guatemala, a visiting United States Congressman, and Mr. Breckenridge Long, Assistant Secretary of State. The latter also commended and praised SIS activities along these lines in other Latin American countries. &U

[redacted] was one of the several Selective Service fugitives located by the SIS personnel in Guatemala after being listed as delinquent with the Selective Service Board in the United States. When the subject refused to cooperate and as he would not voluntarily return to the United States, his permit to reside in Guatemala was revoked by that Government in cooperation with SIS personnel. He was subsequently arrested and unofficially deported from Guatemala in November, 1943, and was taken into custody by Bureau Agents in Brownsville, Texas, where he was turned over to Chicago for prosecution. &U b7C

[redacted] a First Lieutenant in the United States Warfare Reserve, was arrested in Guatemala by Guatemalan police at the instigation of SIS personnel for failure to comply with a War Department order to report to the United States for duty. He was delivered to the Provost Marshal at the United States Army Air Base in Guatemala City for action by the War Department. &U b7C

During November, 1943, SIS personnel in Guatemala obtained specimens of what appeared to be counterfeit United States currency. The evidence was sent to the FBI Laboratory for examination and the suspicion of it being counterfeit was confirmed. The evidence in the case was then turned over to the Secret Service of the United States Treasury for action by them. &U

[redacted] b7C

[redacted] in Guatemala. Although the subject has been in Guatemala for over a year and a half, his movements and operations have been so closely covered that he has been a complete failure as a Spanish correspondent. Close contact with the subject's activities was instituted by SIS personnel after it was determined that the subject had been in Germany for several years and while there, had been very pro-Nazi and pro-Falangist. ~~S~~ U

At the special request of the War Department, an investigation and surveillance of [redacted] was undertaken in Mexico and Guatemala. Lucas, an author, had been for a considerable period of time an informant for the Army and was considered by them to be reliable. He had told the Army that he had special contacts in Germany and occupied Europe and that one of his contacts was bringing to Guatemala from Germany valuable information concerning the German military picture in occupied Europe and accurate information as to the German High Command plans for the future. ~~S~~ U b7C b7D

[redacted] was placed under continual surveillance from the time he left the United States to drive to Mexico and thereafter to fly to Guatemala City. The surveillance revealed [redacted] to be engaged in a complete hoax. It revealed that at the times [redacted] was supposed to be at certain points receiving information from his alleged German informants, he was in fact at entirely different places with his family enjoying Guatemalan life. ~~S~~ U

Despite the fact that [redacted] report to the Army appeared to be of the highest authenticity, information obtained showed clearly that everything he said or did was false, causing the Army to reprimand [redacted] for his activities and to discontinue his use as an informant. ~~S~~ U b7C

HAITI (U)

On June 24, 1944, approximately forty enlisted men of the Garde d'Haiti were imprisoned in Port-au-Prince on the charge of plotting to overthrow the Haitian Government. At that time it was indicated that no officer had yet been implicated but that unknown civilian conspirators were involved even though they had not yet been identified. (U)

Information of the above type is valuable to the Bureau and to other United States Government agencies as it helps to give a well-rounded picture of activities in the Republic. This comprehensive picture is necessary if the American Government is to deal intelligently with the foreign country involved. (U)

In Haiti, as well as in other Latin American countries, SIS personnel have been of considerable assistance to the Bureau in its investigations within the United States. Probably the type of investigation which gives the most examples of SIS assistance and collaboration is Selective Service matters. Though SIS personnel in Haiti have not been able to be of as much assistance as in Cuba for instance (because the same situation of Immigration between Haiti and the United States does not exist as between Cuba and the United States), they have been successful in securing the necessary information when requested to do so. One of the most recent cases of this type, wherein the facts have only just been furnished to our office in Haiti, is the case of [redacted] who has been delinquent with his Boston draft board since September of 1942. Information has been secured that a relative of the subject saw the subject during the past three months presumably some place in Haiti and this matter has been furnished to our office in Haiti so that the subject's whereabouts may be determined. (U) b7C

During the early months of 1943, the Special Agent operating as Assistant to the Civil Attache at Port-au-Prince, Haiti, conducted a training school for a selected group of Haitian police in jujutsu and practical disarming methods. This instruction course was very valuable in developing excellent relations with the Haitian police. During the past several months a high degree of cooperativeness has existed between the Haitian police and the Office of the Civil Attache. Recently, the Special Agent who directed and trained the Haitian police as mentioned above, has been returned to Haiti as Civil Attache and it is anticipated that relations with the Haitian police and the Haitian Government will be further improved. (U)

Haiti, compared with our offices in the larger countries of Latin America, has considerably less cases covering sabotage, espionage and subversive activities. For example, in May of 1944, the office at Haiti had only three pending "espionage" cases of which none were closed during the month. During that same month, there was only one "sabotage" case pending in Haiti and a total of only twenty-nine "subversive activity" cases of which eleven were closed. (U)

A Central Intelligence File is maintained under the jurisdiction and administration of the Office of the Civil Attache in Haiti. This file is made up of reports of an intelligence nature submitted by the Embassy, Military Attache, the Naval Attache and the Civil Attache. Its purpose is to provide: 1. A means whereby each contributor is kept currently informed regarding the intelligence activities reported by the other contributors, and 2. A depository for the reports submitted in order that these reports may be readily available for reference pruposes to any qualified officer of the contributing office.

Comments relative to Haiti's internment program for enemy aliens are included under the section of this report devoted to that general subject.

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HONDURAS XU

At the present time the Republic of Honduras is the only Latin American country in which the Bureau has no representative in an official capacity as Legal Attache. Inasmuch as such official capacity is through the courtesy of the United States Ambassador in a country, the Bureau has been unable to maintain its usual Latin American system because the Ambassador has not desired a Bureau representative as a member of his staff. As a result, the SIS coverage in Honduras has been confined to undercover activities and at the present time the Bureau has one representative in this capacity with another Special Agent being processed to assist him in the near future. XU

Due to the physical conditions and status of communications presented by the Republic of Honduras, our work in that country is limited. However, in spite of such difficulties, Bureau's SIS Division has been able to furnish considerable information relative to the amount of pro-Axis activities which are being conducted in Honduras at the present time inasmuch as 129 persons suspected of such activity were deported from Honduras during 1942 and 1943. XU

As a result of information furnished by our SIS representatives, several individuals and firms still functioning in Honduras and of Axis sympathy have been placed upon the United States Proclaimed List of Certain Blocked Nationals. Further, our representatives have been able to develop informants in order to be fully apprised of the main problem of subversive political activities in the country for the benefit of the State Department. XU

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MEXICO ~~SECRET~~

Mexico is the largest Spanish-speaking country located in the Western Hemisphere. In view of this fact, it is necessary for Bureau representatives to give widespread coverage of activities in this country. The Civil Attache, who directs the Bureau's work, has under his jurisdiction seventeen Special Agents, two Special Employee Agents and a cryptographer originally assigned to Mexico to give assistance to the Postmaster General there. He serves as a liaison representative and directs cryptographic work with the Military Police, Navy and Mexican Central Intelligence Bureau.

Coverage in Mexico under the SIS Program is confronted with difficulties unknown in other republics in Latin America. Its very size, plus the lack of proper means of transportation, create a problem. Because of the nearness of Mexico to the Panama Canal and the United States and because of the assistance given in exporting mineral and agricultural products, Mexico's significance and importance to the United States during either war or peace is great. The Mexican Government has ordered all Axis nationals to be concentrated in the interior of the country. The result of this policy was to send a large number of Japanese and German nationals into Mexico City and a number of Japanese into Guadalajara, the second largest city in Mexico. There is almost unhampered travel between Mexico and the United States. All a United States citizen needs to travel to Mexico is a visitor's permit. As a result, numerous criminals from the United States seek to escape into Mexico. Consequently, many leads were set out for SIS coverage in Mexico by field offices in the United States during the past year.

As the result of work done by the SIS Division in the Republic of Mexico, many security measures were undertaken by the Mexico Government which would not have been done otherwise. Because of the result of adequate SIS coverage throughout Mexico and because of the result of extensive contacts of informant coverage, the SIS representatives in Mexico City have been able to directly influence the adoption of the necessary measures with regard to Axis and other nationals in Mexico who are deemed to be a source of danger.

Specific examples of this are as follows:

1. The Mexican Espionage Law, which became effective on November 14, 1941.

2. A series of decrees and orders designed to protect the internal security during the time of the war went into effect at the time that the President of Mexico requested a declaration of war against the Axis powers in May, 1942.

3. A decree of the Mexican Government requiring all foreigners resident in Mexico to register with the Department of Gobernacion.

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4. A Presidential order calling for the removal of all Axis nationals from the coastal areas to the internal regions of Mexico. X U

5. A Presidential decree calling for the forfeiture of citizenship of naturalized natives of Axis countries who might be acting against the interests of the Republic of Mexico. X U

6. The apprehension by Mexican authorities through work done by the SIB of a number of espionage agents shortly after Mexico entered the war, which work continued during the past year. X U

Among those apprehended and sent out of Mexico were the following Germans, all well-known espionage agents or active in the German penetration of Mexico: Werner Barke, Ewald Bork, Joseph Ruellen Herakes, Wilhelm Hasselmann, Federico Hey, Georg Nicolaus, and Pablo Rubach. Included in this group of important internees is Carlos Retelsdorf, Jr. who operated a clandestine radio station in Mexico which was utilized by German espionage agents. X U

Outstanding Achievements in Mexico X U

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[redacted] X U

This twenty-five-year old draft dodger was a member of the R.O.T.C at the University of Illinois in 1938 and 1940. With the permission of his draft board, he went to Mexico City to attend summer school and then refused to return to the United States in order to comply with the Selective Service law of this country. Through the Bureau's contacts with the Mexican Department of Gobernacion, [redacted] was deported from Mexico as an undesirable alien and was arrested by Bureau agents when he crossed the border at Laredo, Texas. He later was sentenced to a four-year prison term by a court in St. Louis. X U

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[redacted] U

Out of twenty-three members of a "policy racket" gang indicated at Cleveland, Ohio, on April 26, 1939, there remained at large only [redacted] It was his boast that the G-Men would never catch up with him. Investigation reflected that the subject had fled to Mexico and escaped detection. Through a surveillance of an elaborate apartment in Mexico City rented by one of the Cleveland hoodlums and a friend of the subject, it was learned that the subject was working in a wine shop in Mexico City. The Bureau Agent visited this establishment under pretext and identified the subject as the salesman in the store. Through contacts of the Bureau, subject was apprehended and sent to the United States as an undesirable alien. He was tried in Cleveland where he pled guilty to the Ohio State charge of extortion by threats of violence. He was convicted and sentenced to serve from one to five years by the local court. X U

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FBI Undercover Agent in Falange Uncovers Communist Undercover Agent in Falange X u

A Bureau representative was successful in obtaining membership in the Spanish Falange in the city of Mexico. Among the members of this organization was a Venezuelan post, Leon Alfonso Pino, who professed to be a loyal Falangist. The Bureau Agent, who was also posing as a loyal Falangist, noticed that Pino carried with him everywhere a briefcase which he never permitted to get out of his sight. This aroused the curiosity of the Bureau Agent and through a confidential source he secured access to the contents of the briefcase and learned that among other interesting documents there was a letter from the Communist Party of Mexico to the Communist Party of Venezuela certifying that Leon Alfonso Pino had been in direct contact with the Communist Party in Mexico and was presently engaged in espionage work among the Falangist members on behalf of his own Communist Party. The Bureau representative became so active in Falangist circles that he was placed under the surveillance of the Mexican National Police and thus it was necessary that he be removed in August, 1943. X u

[redacted] X u

This subject was [redacted] He disappeared from [redacted] at which time it was ascertained that there was a shortage of [redacted] in the bank's accounts. This shortage was traced to the dishonesty of [redacted] An intensive investigation by the Bureau reflected that the subject was probably in the Republic of Mexico. Through the SIS Division, this subject was located in Mexico, where he was employed as a clerk in a flour mill in Amecameca, Mexico. Through pretext, specimens of his handwriting were secured and transmitted to the Bureau for examination by the FBI Laboratory. Laboratory results reflected that the handwriting was identical with that of the subject. Photographs of the suspect were also secured by the Bureau's undercover representative and presented to witnesses in Phoenix, who definitely identified him. Efforts are now being made to have the Department of Gobernacion deport the subject to the United States. X u

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[redacted] X u

This subject was reported delinquent by the local draft board in Chicago for failure to report for induction on March 21, 1941. Investigation reflected that the subject might possibly be in the Republic of Mexico. Through the services of the SIS Division, inquiries were made in Mexico and [redacted] was located and pointed out to Mexican Government officials and apprehended by them on October 14, 1943. The subject was then delivered by Mexican authorities to Bureau Agents in Laredo, Texas, where he waived removal proceedings and was arraigned before the United States Commissioner there. In December, 1943, [redacted] was released by the United States X u

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plans are now being made through the Mexican Department of Gobernacion to have the subject deported to the United States in the near future, where he will be arrested and subsequently tried for his crime. XU

[redacted] XU b7C

The subject is a Selective Service fugitive who escaped across the border from United States to Mexico for the express purpose of evading service in the United States Army. He was located by SIS Agents in Mexico City and subsequently incarcerated by Mexican authorities. His deportation is expected in the near future.

The Soap Case
Spanish Aviator Recruiting as German Agent XU

From [redacted] it was learned that a Spanish aviator had been recruited by the Germans in Madrid to engage in an espionage mission in Mexico and later the United States if possible. Some descriptive data of the Spanish aviator was also given and after intensive study of various suspects, it was finally established that the aviator was [redacted] of Madrid, Spain, married to a well-to-do Mexican woman. XU

[redacted] arrived in Cuba on the SS "Magallanes" in November 3, 1943, and was immediately placed under discreet surveillance. It was found that he was in contact with a number of prominent Spaniards in Cuba including some known to be Falangists. He then traveled by plane together with his family to Mexico City where he is residing at the present time. He has been under continuous surveillance and information as to his contacts is being developed. XU b7C

[redacted] has given several different stories as to his reasons for leaving Spain and coming to Mexico. He claims to be a monarchist and to be entirely against the Franco regime in Spain. However, from several independent sources, information has been received that he is in fact very favorable and closely connected with important officials of the Franco Government. [redacted] carried a letter from an assistant United States Naval Attache in Madrid to the Naval Attache in Mexico City requesting aid in getting [redacted] connected with a United States Aircraft Manufacturing Company. Appropriate arrangements have been made with the Naval Attache in Mexico to handle this matter with [redacted] but to date [redacted] has not seen fit to bring the letter to the Naval Attache. XU

[redacted] b7C

German Espionage Agent XU

Through a confidential source it was determined that the German Sicherheitsdienst was interested in arranging for the return to France of a Mexican named [redacted] who, it was stated, may have been among those XU

Attorney in Chicago to the Military Police to be court martialed for desertion from the United States Army in 1937. X U

Gerhardt Wilhelm Kunze X U

This subject was the former national fuhrer for the German-American Bund. On June 10, 1942 he fled from the United States with the intention of returning to Germany. He had been indicted by the Federal Grand Jury at Hartford, Connecticut, on charge of attempt to violate peacetime espionage laws. Through the SIS Division he was located in Mexico and was arrested through the cooperation of the Mexican authorities at Boca del Rio, Veracrus, Mexico. He was subsequently deported to Brownsville, Texas, where he was apprehended by Bureau Agents. He pled guilty to the charge and was sentenced to fifteen years in the penitentiary. X U

[redacted] X U

This subject was a Selective Service fugitive who was described as "America's Number Two Nazi." In August, 1944, he entered Mexico under a false name in order to avoid compliance with the Selective Service laws. Through SIS Agents he was located in Mexico and through the cooperation of the Mexican authorities he was deported to Laredo, Texas, where he was arrested by the Bureau Agents. On October 13, 1943, he was sentenced by the Federal District Court of New York to three years' imprisonment on a Selective Service violation. X U b7C

[redacted] X U

This subject was a Selective Service fugitive who skipped from his employment with the Ford Motor Company in Detroit, Michigan, to proceed to Mexico for the purpose of evading his Selective Service obligations. The subject was subsequently located on the shores of Lake Patzcuaro, Mexico. Through the contacts of the SIS and the Mexican Department of Gobernacion, the subject was apprehended and expelled to the United States, where he was taken into custody by the Bureau Agents at Laredo, Texas, and taken back to Chicago to await trail on draft evasion charges.

[redacted] X U

This subject is another Selective Service fugitive located by SIS representatives in Mexico on January 4, 1944. He was deported and prosecution was declined by the United States Attorney at Los Angeles, California, whereupon the complaint was dismissed. X U

[redacted] X U

This subject is a fugitive out of the Unlawful Flight to Avoid Prosecution statute and was wanted by the Police Department of Pittsburgh, Pennsylvania. Through SIS representatives, he was located in Mexico and U X

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Mexicans repatriated from Europe to Mexico on the SS "Cripsholm." Actually there was a repatriate on the "Cripsholm" by the name of Jesus Rogel who was listed as a Mexican diplomatic official. He returned to Mexico by way of the United States and claimed to have connection with the Mexican Foreign Office, but refused to given any detailed information relative thereto. It was later determined that [redacted] had no official connection with the Mexican Government but had been listed as a Mexican diplomat solely in order to facilitate his repatriation to Mexico. At the present time, investigation is being conducted to determine whether or not [redacted] is identical with Rogel in whom the Sicherheitsdienst is interested. b7C

Ink Case

[redacted] and his wife were traveling en route to Mexico by way of Cuba. During an examination of personal effects of the travelers, numerous articles were found which could be successfully used for secret writing. A check of the Bureau files and investigation by our SIS representatives indicate that the subject's associates appear for the most part to be Spanish republicans, giving rise to the possibility that subject may be a Communist agent. The subject is presently in Mexico and his activities have been closely followed with a view to determining his true status in that country. b7C

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Ruge Case

This case is an outgrowth of a matter involving Janos Salamon and Sandor Mocsan, German espionage agents who operated a clandestine radio transmitter in Brazil. Investigation in Mexico reflected that Bernardo Sternenfels Llerena of Mexico City was connected with these two German espionage agents. The investigation by SIS representatives in Mexico reflects that Sternenfels and his associates were actively cooperating with the two aforementioned German espionage agents. At the present time Sternenfels is extremely ill in Mexico City, and efforts are being made to interview him and obtain further evidence relative to his pro-Axis activities.

[redacted] Selective Service Fugitive

b7C

This subject for a number of years was a representative of the Seagram's Liquor Company in Latin America with a salary of [redacted] a year. Allegations were received by the New York Office to the effect that he was pro-Nazi. It was known that he made statements that he would not voluntarily enter the United States Army and refused to enter the United States through Mexico where he was employed for fear of being inducted. Through SIS Agents, he was located in Mexico City where he was unofficially deported to the United States. Upon his arrival he was apprehended by Bureau Agents at Laredo, Texas, on May 24, 1944. He is presently awaiting prosecution in the United States for violation of the Selective Service laws.

The De La Reguera Family

Investigations in this case has been recently considerably advanced by the location of Manuel Fernandez de la Reguera in Mexico City. Manuel is the brother of Luis Fernandez de la Reguera who is known to be active in the recruiting and dispatching of agents from Barcelona, Spain, to the Western Hemisphere. Manuel, who is believed to be in active collaboration with his brother, has been missing for a considerable period of time despite considerable investigation to locate him.

Investigation and examination of correspondence of Luis and Manuel's mother, Maria Moruega de la Reguera, has also been made and her mail was watched for a considerable period of time since it is known that Maria Moruega de la Reguera has acted and was supposed to act as a mail intermediary for German agents in the Western Hemisphere including the United States in the forwarding of mail in Germany.

Manuel is now under surveillance in order that all of his activities can be ascertained.

The Mexican Microscopic Dot

A great many developments have taken place in the investigation of this case during the past year. The case involves a vast closely coordinated espionage ring engaged in furnishing the German Military High Command vital information

concerning the war effort of the United States and her allies. The ring is operating in every important nation in the Western Hemisphere with Mexico City as the center. X U

The group has utilized in the past all the known methods of communication in transmitting espionage data including clandestine radios, secret inks, codes, ciphers, couriers, and regular mail and cable routes. The principal method of communication, however, is by the use of microscopic photographic dots attached to the flaps of envelopes. By this means pages of information can be sent by dots that are hardly detectable by the naked eye. X U

Seventeen east bound letters addressed to drops in Europe and Buenos Aires have been intercepted to which have been attached approximately four hundred dots. Two west bound dot letters from Europe to Mexico City have been intercepted together with a number of open code cables and letters passing between the agents in Mexico, Chile, and Argentina. X U

At the present time four individuals connected with this ring in the United States are in custody. Approximately fifteen known agents are located in Mexico City and Latin America and have comparative freedom in their operations. However, all of the important agents in Mexico City have been under a continual surveillance during the past year. X U

In February, 1944, a summary memorandum was furnished to the Attorney General and to the Criminal Division of the Department of Justice for consideration as to the course of action that might be taken in the case. The possibility of a trial on conspiracy charges of the individuals at large was considered. However, the Department decided against prosecution on the basis that as a matter of security a public trial might reveal our knowledge of the German code systems and further that the Mexican Government had given no indication that it would be willing to turn the subject over to the United States for prosecution. X U

It was suggested that the facts of the case be made available to the Mexican Government for such action as they deem appropriate. Consideration is being given to this step as is the feasibility of sending fictitious messages to the Germans for the purpose of deception. X U

Communist Activities in Mexico X U

Bureau representatives in Mexico are presently giving close coverage to a wide variety of manifestations of the Communist movement in that country. The Communist Party of Mexico itself is well organized and is active in propaganda, political, "front" group and labor organization matters. In addition to the Party in Mexico, the activities of various foreign nationality groups, under the influence of Communist forces, are also under investigation. X U

Under the leadership of Dionisio Encina, the Communist Party of Mexico is taking active steps to extend its influence throughout the field of Mexican labor. From May 12 to May 19, 1944, there was held in Mexico City a convention of the Party, attended by 148 official delegates, four fraternal delegates from

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among the foreign nationality groups in Mexico. The foreign delegates included Benjamin J. Davis, Jr., a member of the Communist Party of the United States and a New York City Councilman as well as Communist Party leaders from Colombia, Chile, and Cuba. The head of the Confederation of Workers in Mexico declared to the convention that henceforth his organization and the Communist Party of Mexico will follow the policy of strict cooperation. As a part of the business handled at the convention, special attention was given to the Party program having to do with the activities of Communist youth and women's groups. Plans were formulated for the enlargement and improvement of the Party newspaper "La Voz de Mexico," which presently has a circulation of 10,000 weekly. ~~S~~ U

Dissension within the Communist Party of Mexico was evident during November of 1943, at which time certain dissident members of the Party were expelled, following their attack on the policies of Encina, the Party leader. The expelled group announced that plans were underway to establish a new "Popular Front Party" based upon Marxist principles. It is to be noted, however that the regular Communist Party of Mexico has continued to seek increased membership and to enlarge its activities and influence, particularly throughout various industries and labor groups. ~~S~~ U

It has been ascertained that the Party in Mexico is considering a change of its name to the "Socialist Party," a tactic which has been observed in other Latin American countries where the Communist Parties are seeking to popularize their organization by removing any ostensible connections with international Communism. ~~S~~ U

Various foreign nationality groups in Mexico have been identified with the Communist movement. Mexico has for several years been a place of refuge for Spanish and other political exiles and at the present time the influence of international Communism is to be seen in the activities of the "Free Germans," "Free Yugo-slavs," "Free Italians" and other groups who are being organized in Latin America by Communist forces, apparently as part of a Russian foreign policy program which seeks to Sovietize certain of the liberated countries of Europe. Of particular interest are the activities of Spanish Communists in Mexico who are not only concerned with the political future of Spain, but are playing an important role in the furtherance of Latin American Communism and have allied themselves with Communist Party organizations in Mexico. Bureau representatives have developed information showing that Spanish Communists in Mexico are also connected with Communist underground activities which have ramifications in the United States. ~~S~~ U

At the present time Bureau representatives in Mexico are investigating the "Alto" case, which has to do with the activities of a Communist underground group presently concerned with the obtaining of the release from a Mexican prison of Frank Jacson, convicted murderer of Leon Trotsky. Members of the underground group in Mexico have exchanged communications with a similar group in the United States, using secret ink messages forwarded through the mails by courier. Jacob Epstein in Mexico has been identified as the writer of certain ink messages in this case, and it is known that a member of the Russian Legation in Mexico has been associated with one of the principal subjects of this investigation. Evidence developed to date strongly indicates that activity in this ~~S~~

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case is linked with Russian Communist espionage operations. XU

Investigation conducted by Bureau representatives in Mexico has resulted in the identification of a Spanish Communist and his involvement in a series of secret writing letters which have been mailed from New York to Antonio Collantes in Mexico City. On April 6, 1944, there was mailed in New York City a letter addressed to one Antonio Pacheco, a Spanish Communist residing in Mexico City. Examination of the letter at the Bureau disclosed that this letter was written by the same person who had prepared the open portions of the previously intercepted Collantes letters containing secret writing. Our representative in Mexico City covered the postal delivery of the letter addressed to Pacheco who immediately examined the letter and took it unopened to the offices of a business firm which is known to have been previously located at an address mentioned in one of the secret writing messages in the "Alto" case. Delivery of this letter to the business firm gives reason to suspect certain of the firm members and investigation is continuing to ascertain the nature and extent of their activities in connection with the operations of the Communist underground in Mexico. XU

Investigation is being conducted by Bureau representatives who are covering the activities of Italian Communists in Mexico, who are formally organized into the "International Guiseppe Garibladi Alliance for the Liberation of Italy." It has been ascertained that this organization is under the leadership of Mario Montagnana, Francisco Frola and Vittorio Vidali, all of whom are Italian Communists seeking to promote unity among anti-Fascists in Latin America and are attempting to exert influence with the hope of having a voice in the establishment of a new government in Italy. Information concerning these individuals which has been developed by Bureau representatives, has been referred to the State Department for consideration in connection with applications which these Italian Communists have filed, seeking entry into the United States in transit to North Africa and Italy. XU

With the establishment of a Russian Embassy in Mexico and the assignment of Constantin Oumansky as Russian Ambassador, Communist investigation conducted by Bureau representatives has increased considerably for the reason that Russian diplomatic personnel in Mexico are taking part in local Communist affairs. It is reported that a large printing press has been established in the Russian Embassy for the purpose of supplying Russian propaganda to Communist organizations and "front" groups. Information has been developed indicating that the Russian Embassy in Mexico also is giving active support and encouragement to the activities of Spanish Communists. XU

Our representatives in Mexico are giving close coverage to all manifestations of the Communist movement in that country and particular efforts are being made to increase confidential informant coverage to obtain complete information concerning the activities of Mexican and foreign nationality Communist groups, with particular attention being given to Russian diplomatic personnel who are participating in Communist affairs in Mexico. XU

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~~Free Germany Movement~~ X U

The outstanding group among the so-called "Free movements" in Mexico is the Alemania Libre organization, also known as Free Germany and Freies Deutschland. This movement has been described as an attempt at a United Front of German Communists in Mexico. The organization is composed of anti-Nazi Germans in Mexico, many of whom are internationally known authors, former Communist Deputies in the German Reichstag, politicians from the Fatherland, and professional men. The governing nucleus of the group is composed of Paul Merker and Erich Jungmann, former German Deputies elected on the Communist ticket, and Ludwig Renn, who, although he is a descendant of an aristocratic Prussian family and served on the Imperial German General Staff during the first World War, worked closely with the German Communist Party and fought with the International Brigade in Spain. X U

Alemania Libre maintains a voluminous correspondence with other Communist groups throughout Latin America and the United States and propagandizes itself through the mediums of radio program, public meetings, posters and self-published periodicals. Alemania Libre controls a publishing house in Mexico City known as "El Libro Libre"(The Free Book), which has printed a number of books which have enjoyed a financial success, as evidenced by large numbers of intercept submissions reflecting sales of the volumes throughout Latin America and the United States. At least three of the books published thus far have directly eulogized the U. S. S. R., while others written in a fictional vein are of a more subtle type of Communist propaganda. X U

Among its satellite organizations Alemania Libre numbers the following: Accion Austriaca Republicana, a "Free Austrian" movement in Mexico; the Heinrich Heine Club, which caters principally to liberal thinkers among the professional and white-collared classes of Germans in Mexico who are not communists; and Asociacion Pro-Refugiados Politicos de Habla Alemana en Mexico (Association of Political Refugees of German Tongue in Mexico), which presumably assists German and Austrian political refugees in Mexico in representing these persons in dealings with the Mexican Government, but which actually has served to a certain extent to restrict the entrance into Mexico of German refugees not subscribing to Leftist political philosophies. X U

In order to make their movement more far reaching, the Free Germans of Mexico, May 1943, initiated steps whereby anti-Nazi groups in other Latin American countries could be coordinated into one body which would be known as the Latin American Committee of Free Germans, with the heads of these various groups as Vice Presidents of the central body, but the leadership and control in the hands of Ludwig Renn and Paul Merker, leaders of the Free German Movement of Mexico. The project has been fairly successful; however, there has been a conflict with another group--La Otra Alemania, which has branches in several of the countries and which is headed by Dr. August Siemsen, a German socialist who has been residing in Argentina for several years. The two organizations have been unable to come to an understanding, apparently because of Dr. Siemsen's reluctance to accept the Communist ideology of the Free Germans. X U

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NICARAGUA

SIS representation in Nicaragua is limited at the present time, to one representative in the capacity of Legal Attache; however, an additional Special Agent is expected to be assigned to that country in the immediate future as to be of assistance in the continuance of present coverage. During 1943 a Special Agent was assigned as Liaison Representative to the president of Nicaragua, in which position excellent coverage of a great amount of activity was able to be maintained. However, this assignment was discontinued at the president's request due to the political situation.

During 1943 the Axis nationals had been brought very much under control either by deportation or by restrictive measures and there was very little subversive activity during that year. There is no instance of enemy directed sabotage. SIS representatives in Nicaragua developed the information that the President though formerly anti-Communistic later for political reasons permitted inroads to be made in Nicaragua by the Communists.

SIS representation in Nicaragua has done and is doing much work in securing information concerning various Axis nationals in that country. As the result of this work and their influence in the Nicaraguan Government, it is made necessary for all enemy aliens to carry an identification book with them at all times. A measure w s also put into effect causing enemy aliens to register and providing heavy penalty for those failing to. Similarly, laws were passed prohibiting deportation and importation of currency in coins minted in the United States. As a result of this law, the Nicaraguan Government was able to exercise considerable control over the movement of Axis funds within the country.

In the field of Selective Service, [redacted] a delinquent with the Selective Service Board of Chicago was located in Nicaragua by SIS personnel. Inasmuch as he would not voluntarily return to the United States and subject himself to provisions of the Selective Service law, his permit to reside in Nicaragua was revoked by that Government in cooperation with SIS representatives and his passport was revoked by the United States Embassy there. Shortly thereafter he returned to Brownville, Texas, where he was arrested by Bureau Agents and subsequently prosecuted in Federal Court in Chicago, receiving three years.

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PANAMA (U)

While the Republic of Panama is primarily the responsibility of the representatives of Military Intelligence and is not under the jurisdiction of the Bureau in accordance with the delimitation agreement, it has been found necessary to maintain three confidential undercover representatives in Panama at Panama City in order to provide necessary sources of information and for them to function as an intricate part of the SIS system throughout Latin America. (U)

Such undercover employees have been able to very materially aid in the Bureau's communication network and to provide the coverage necessary for SIS matters in the Republic of Panama efficiently and without embarrassment to the Bureau under the delimitation agreement jurisdiction. (U)

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PARAGUAY

Internal Security

The Union Germanico del Paraguay was founded in Paraguay in September, 1916. In 1933 the Union and all the members thereof became aligned with the Third German Reich and were closely associated with the German School Society. Extensive investigation by Bureau representatives revealed that the Union's policies were in accord with the objects of the German Third Reich and that the organization was regarded by many of its members as being identical with the National Socialist German Workers Party. In 1942 the membership totalled 1,656.

On October 20, 1943, the Ministry of Interior of Paraguay by resolution ordered the Union Germanico del Paraguay, also known as the Deutscher Volksbund fur Paraguay, dissolved. Interventors were appointed by the government authorities on October 25, 1943, to supervise the liquidation of the organization. This action on the part of the Paraguayan Government is considered a major development in the elimination of subversive elements in that country and resulted largely from the close cooperation between Bureau representatives in Paraguay and the Paraguayan Ministry officials.

Subsequent to Paraguay's breaking of diplomatic relations with the Axis Powers, the Germans in Paraguay formed a social group known as the Asociacion Alemana de Ayuda Social to safeguard and continue various non-political German organizations in Paraguay. The Society was authorized to function by the Asuncion police on April 25, 1942. The ostensible purpose of this society was to aid needy Germans, the German hospitals, schools and cultural institutions. Extensive investigations by SIS representatives not only disclosed that the members were, with few exceptions, violently pro-Nazi, but that the Society was probably the source of much subversive and propaganda activity in Paraguay.

A summary of information obtained by SIS representatives concerning this organization, which was made available to the Paraguayan Government through appropriate diplomatic channels, resulted in the appointment of Interventors by the Paraguayan Government in order that the activities of the organization would be subjected to close scrutiny. It is understood that the Paraguayan Government plans to institute additional intervention in connection with the activities of the organization, and it is the ultimate aim of the Paraguayan authorities to dissolve it.

On October 2, 1943, the Paraguayan Government began intervention proceedings against Banco Germanico de la America del Sud, Asuncion, Paraguay. The authorities entered the institution and confiscated all records, both bank and private, which were believed to be of value, for subsequent study. This act climaxed the investigation instituted by SIS representatives. Intervention of the bank was planned by the Paraguayan Ministry of Finance and representatives of the American Embassy in Asuncion, including the Legal Attache.

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This move by the authorities was a complete surprise to the Germans and will be of utmost importance in the investigation and control of German activities in Paraguay. The most significant result from the appointment of an Interventor by the Paraguayan Government is the apparent willingness to cooperate with the United States in the suppression of subversive activities by enemy agents. This German bank of Asuncion had long been suspected of being the seat of Nazi activities in Paraguay. X U

The Japanese Colony at Ybytymi, Paraguay, was founded May 15, 1936, upon authority of the Paraguayan Government dated April 30, 1936, which permitted entrance into Paraguay of 100 Japanese families. A subsequent decree authorized the Paraguayan Development Corporation, S. A. to bring into Paraguay, 1000 families of Japanese agriculturists within a period of five years. These colonies are so located that they, together with German colonies, could, if they so desired, completely disrupt the main transportation facilities of Paraguay. X U

Subsequent investigation by SIS representatives in Paraguay revealed that the Japanese Consulate and the Yokohama Specie Bank in Buenos Aires were financing the Japanese Colony. The Japanese Overseas Immigration Association opened a branch at Asuncion on May 15, 1943, in charge of Shigeto Kishi. It was revealed that this organization performed certain consular functions and was established as a result of the closing of the Japanese Consulate in Asuncion in March, 1942. It was also revealed that the Japanese Colony at Ybytymi, Paraguay, was remitting 700 Argentina pesos to the Japanese Military and Naval Attaches in Buenos Aires for inclusion in the fund for relief of Japanese soldiers and sailors. X U

A summary memorandum containing information obtained by SIS representatives was presented to the Paraguayan authorities through appropriate diplomatic channels and as a result an Interventor was appointed to control the activities of the Japanese residents in the Colony. The action of the Paraguayan authorities in appointing an Interventor was considered of major significance in connection with the suppression of subversive activities among the Japanese. X U

About 2:30 a.m. on January 26, 1944, a small group of reserve officers, followers of Colonel Arturo Bray, captured the police station and telephone building in Asuncion. Simultaneous moves to take the cavalry and air corps failed to materialize due to the nonappearance of one officer. Consequently, insurrectionists in the city of Asuncion were forced to withdraw from their positions and were later captured. One officer and four privates were killed and many others wounded. Government agents by torturing the dying officer obtained information which led to wholesale arrests, including many of the organizers of the coup. Many persons have been confined to concentration camps and others were deported to Argentina. X U

The political situation in Paraguay has been closely followed by SIS representatives, and informants believe that the present fanatical X U

persecution of the members of the Liberal Party by the existing totalitarian regime seems likely to unite the opposition into a further coup d'etat. XU

Subsequent to the attempted revolution in Asuncion on January 26, 1944, which was executed in an effort to overthrow the Morinigo Government, the Legal Attache through several informants was able to secure information concerning a general strike to be called in Paraguay by the railway workers and possibly other labor groups protesting government persecution and intervention in connection with the labor unions. On February 10, 1944, 250 workers of a large vegetable oil plant called a strike, and as a result approximately thirty individuals were arrested by the authorities. On February 15, 1944, it was reported that street car workers, railway workers and bricklayers went on a strike, and in this connection a considerable number of persons were arrested by the police. The international telephone lines were cut on two occasions by the strikers and it was also reported that approximately nine railroad branches had been sabotaged by the workers in protest of government interference. XU

Espionage

Information received by Bureau representatives during the summer of 1943 from a highly delicate source involved Major Pablo Stagni, Chief of the Paraguayan Air Force, with a clandestine German radio ring (HDZ) centered in Argentina. Stagni has been known to SIS representatives as an admirer of Germany and as uncooperative with the Allies. Our inquiries to date have revealed that he is in touch with one "Jony", a collaborator in the ring, and one "Gustav" in Buenos Aires, believed to be a radio operator in the ring. Through Stagni the German Intelligence Service in Buenos Aires arranged for several agreements favorable to the Axis to be made between the Argentine and Paraguayan presidents when they conferred in Buenos Aires in December, 1943. SIS investigation has now disclosed that Stagni is undoubtedly deeply involved in an extensive black market involving some 30,000 gallons of aviation gasoline furnished the Paraguayan Government by the United States under Lend-Lease agreements for use in its Air Force equipment. He has further been accused of causing Lend-Lease equipment to be damaged in such a manner that it will appear to have been the result of poor workmanship. XU

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For some time the Bureau has been following the correspondence of [redacted] in Spain with his paramour, [redacted] in Asuncion, Paraguay. [redacted] in late 1943, [redacted] a naturalized Paraguayan of Russian descent, left his job with [redacted] in Madrid, and returned to South America ostensibly to marry [redacted] In December, 1943, he sent a letter to Spain containing a secret writing message regarding stamps. It has since developed that he is in possession of valuable stamps which constitute an espionage payment [redacted] in New York. Through SIS contacts in the Paraguayan Post Office, arrangements have been perfected for communications between [redacted] in an effort to have the stamps sent to the United States. Meanwhile, the activities and associates of [redacted] in Paraguay and Argentina have been checked carefully by SIS representatives. XU

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Liaison with Paraguayan Government Officials

Through the efforts of the Legal Attache's office in Asuncion, it has been possible to establish close liaison with various high Paraguayan government officials. It is believed that the most important contact which has been established was made with [redacted] b7C Through the very friendly cooperation extended by [redacted] to the Legal Attache, it has been possible for the Bureau to obtain highly important data relating to the activities of Axis individuals in Paraguay which otherwise could not have been secured. Through [redacted] efforts action has been taken by the Paraguayan government in an effort to control subversive activities within the country and among the most important measures inaugurated were the interventions of the Union Germanica de Paraguay, the Banco Germanica de la America del Sud, and the Asociacion Alemana de Ayuda Social.

The former Chief of Police in Paraguay Mutshuito Villasboa, was extremely pro-Axis in sympathy, making it difficult for the Legal Attache to obtain any cooperation from the Police Department. However, a new Chief of Police has been appointed, Lieutenant Colonel Francisco Chaves (Del Valle), who is pro-Allied and is very cooperative with the Legal Attache. Chaves has informally discussed with the Legal Attache the possibility of a liaison officer-police officer being assigned to assist the Paraguayan Police.

[redacted] the Legal Attache within the Paraguayan Post Office Department and through this individual it was possible to obtain any and all mail directed to any individual within the country who was suspected of engaging in subversive activities. b7C

Liaison was also established with other censorship officials within the country and arrangements were perfected whereby the Legal Attache was informed concerning suspected correspondence emanating from or directed to any individual in Paraguay.

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PERU (U)

The major part of the SIS program in Peru prior to 1943 was directed toward the extension of informant coverage in all fields of activity. Many valuable contacts were established which enabled subsequent activities of our representatives to be directed along more specific and well defined lines. The Peruvian Government, although cooperative, had no means of taking affirmative action against Axis elements that were seeking to penetrate the security of the country. It was, therefore, apparent that the deportation of Axis nationals was by far the most successful means of controlling the activities of Axis elements. The assistance given by SIS representatives in the continuation of the expulsion program resulted in the deportation of a total of 568 Japanese and 124 Germans during 1943. This action is believed to have removed the threat of Axis penetration through espionage propaganda and subversive activities in the Republic of Peru. (U)

Associated with the effort to remove certain Axis nationals from the country were many Peruvian officials who were found bribed by Japanese nationals subject to deportation. After the deportation of a few Japanese nationals, it was determined that [redacted] had extorted funds and merchandise in excess of 137,000 soles (₹20,000 U.S.). These individuals would contact Japanese subjects and advise them that their deportation was eminent; however, they would be protected upon the payment of a specified sum. In many cases the merchandise and money was paid and the individuals would later be apprehended and deported by the government. (U) b7C

Activities of three members of the political section of the Prefectura in Lima was carried out along similar lines in that they extorted 100 soles $15.50 U.S.) each from five Japanese employed on a hacienda near Lima. They threatened the Japanese with deportation unless the payments were made. These individuals impersonated officers of the Division of Investigaciones. The Peruvian Government upon learning of such activities immediately dismissed the individuals involved. (U)

Peru has been affected to a great extent through the efforts of reactionary elements to overthrow the incumbent government. The unsettled political situation in South America during 1943 has been a definite threat against the solidarity of the continent with the Allied cause. A source available to the Office of the Legal Attache made available the first information regarding a plan sponsored by the Argentine Government for the overthrow of the various governments of Latin America. [redacted] made this information available and described the purpose of the plan as being an attempt by the Argentine Government to form a block against the United States and the Allied nations which would be favorable to Argentina. (U) b7C

This information was deemed very important by the State Department of the United States and investigation throughout South America was instituted. (U)

immediately to determine the exact attitude and role being played by Argentina in its endeavor to cause political unrest and revolutionary actions throughout the continent. XU

While the Government of President Prado is not popular, it has continued to support the United States and the Allied cause as well as to assist in the war effort wherever possible. Numerous reports have been received indicating the possibility of a revolt against the government at various times throughout 1943. One such report was received indicating a revolutionary attempt was scheduled to occur on December 31, 1943. This movement was allegedly planned by the Union Revolucionaria with the support of German and Japanese elements. XU

While it has been definitely proved through Laboratory examination that the documents used to establish the authenticity of the activity of reactionary elements was false, other facts indicated that the advance notices received by the Peruvian Government enabled them to take precautionary measures in sufficient time to prevent an attempt being made to overthrow the government. German and Japanese nationals allegedly involved in this plot including [redacted] have been removed from the country and are interned in the United States. XU b7C

It is known that there is rivalry between Marshal R. Benavides, Peruvian Ambassador to Argentina, and General Eloy Ureta, Peruvian Army Inspector General for the nomination by the Aprista Party for President in the forthcoming elections to be held in 1945. It has been reported that army superiors of General Ureta have indicated a desire to seize the government and later install General Ureta as provisional president as it is feared that Marshal Benavides upon his return to Peru will replace high-ranking army officers favorable to Ureta, thus preventing Ureta from obtaining any appreciable support from the army at a later date. XU

When Peru broke relations with the Axis, diplomatic officials of the German, Japanese, and Italian countries departed for their native land. The Spanish Embassy at Lima then took over the management of Axis affairs. The idea was conceived for a wastepaper coverage on the Spanish Embassy and after being established it was possible to obtain a great deal of information which has been of material assistance to the State Department of the United States as well as of assistance in following activities of a subversive nature in South America. XU

In one instance a communication from the Spanish Ambassador addressed to the Foreign Minister of the German Reich related to the shipment of German gold by means of the Spanish diplomatic pouch from Peru to Germany. This gold, described as the property of Agencia Maritima Kosmos, was reported to be in the possession of the Spanish Embassy, and it had not been inventoried inasmuch as it was kept in seven sealed bags as it had been originally delivered to the Embassy. The Spanish Ambassador advised that it would not be shipped by the X U

Spanish unless he was requested to do so because of the uncertainty of shipping channels. The Kosmos agency mentioned in this communication was known to have been involved in the PYL espionage ring which had operated in Valparaiso, Chile, and was in constant contact with numerous espionage agents throughout South America. X U

Other Spanish activities in Peru worthy of note included the visit to Lima by Isidro Granica Echeverria, who associated with prominent Spaniards formerly influential in Falangist activities in the country. He was alleged to have visited Peru for the purpose of uniting Falangist subjects and to solicit the support of high Peruvian officials for the cause of Franco's Government. X U

Through a source within the Spanish Embassy and by following the trash coverage from the Embassy it was determined by our representatives that Francisco Borras (Vanaclocha) was a Spanish police representative who was handling matters for the Office of Security in Lima. Various reports submitted by Borras to the Director General of Security in Madrid were obtained which indicated he was engaged in obtaining material of commercial, economical, and political nature and that he had complete files on the Spanish Colony in Peru, which activity was in violation of diplomatic agreements between the countries involved. At one time it was being considered by the State Department to provide this information to the Peruvian Government; however, Borras was transferred to another post and this action was never taken. X U

In view of the large Japanese Colony located in Peru it has been necessary to closely follow the activities of all Japanese elements. The deportation of several hundred Japanese nationals by no means completed the work of our representatives. It has been estimated that there are between twenty-five and thirty thousand Japanese residing in the country which make this colony the second largest Japanese Colony in South America. The personal habits and commercial activities of those Japanese remaining in Peru have been affected by the deportation program as they have expressed fear of being expelled from the country in the event they violate local control regulations. X U

During June 1943 Nobu Yatoh, a Japanese national, was removed from Bolivia for repatriation at the request of the Japanese Imperial Government. Upon his arrival at Lima, Peru, en route to the United States, it was ascertained that he had undoubtedly acted as an espionage agent for the Japanese during his visits in the United States, Central America, and South America from 1939 until the time of his departure from Bolivia. The names of numerous contacts and associates were obtained from him, and it was ascertained that he had submitted reports from Bolivia to Magoichi Hiramatsu in Buenos Aires, Argentina. The communications reflect political and economical information was being transmitted to Hiramatsu and as the letters were numbered 20 and 21 respectively, it was believed that they were a series of communications being submitted by Yatoh. X U

As the result of correspondence transmitted by Usaburo Maoki and Hitomi Moki, Japanese nationals who were deported to the United States for internment, to individuals in Peru concealed assets in the amount of $7,132.30 X U

as well as other property of value was recovered which was hidden to defeat efforts of governmental liquidation regulations. The correspondence mentioned the contents of a certain safe which was allegedly in the possession of a Japanese national, and it reflected a desire that the authorities not obtain possession of this item. SIS representatives in cooperation with the Peruvian authorities conducted an extensive investigation which resulted in the safe being located and the property seized by the government. XU

Further evidence of Japanese activities detrimental to the Allied cause was disclosed by action taken by our authorities and our representatives in the case of Kimeaki Tamashiro. It was determined that Tamashiro, a Japanese national residing in Lima, possessed a rubber stamp, which was reported to be the stamp of the Chinese consulate in Peru. The stamp was allegedly used for correspondence for the purpose of deceiving postal authorities and censors. It was determined through Chinese officials that the stamp was not used by such authorities, but had been falsified by Tamashiro to serve in transmitting communications through the mails. The stamp was seized by the authorities. XU

The activities of Kazuki Tateishi, a Peruvian citizen of Japanese descent who was employed as a translator in the Spanish Embassy, were followed by SIS representatives for a long period of time. Tateishi was employed by a Japanese language newspaper and information indicated that he had written numerous pro-Japanese editorials for this publication. He was later employed in the Spanish Embassy, and it was alleged that anyone who did not act in accord with Tateishi's desires would immediately be placed on the list of those individuals who were to be repatriated to Japan. While Tateishi was removed to the United States for internment and interviewed at the internment camp, he denied that he was engaged in any activity of a subversive nature or that he possessed information concerning the activities of the Japanese Colony in Peru. XU

Investigation at Arequipa, Peru, disclosed that [redacted] a German national, was receiving communications from Germany from one [redacted], a "Graf Spee" internee in Argentina. The activities of [redacted] had previously been of a suspicious nature, and it had been established that he had been in contact with Wilhelm Neugebauer as a German Consul in Arequipa. It was ascertained that [redacted] had been handling correspondence received from Germany through [redacted] and that he had forwarded correspondence through [redacted] directly to Germany. By this means an open line of communication was available for individuals who desired to communicate with Germany. [redacted] has since been removed from Peru for internment in the United States. XU

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In cooperation with the Peruvian authorities investigation was undertaken by our representatives concerning the activities of Robert Leitgeb (Ruber), a German national, who was known to be residing in the southern part of Peru. Leitgeb was apprehended by the authorities when it was believed that he was engaged in espionage activities in view of his known frequent contacts with Neugebauer and with Paul Detgen. Leitgeb admitted that he had been assigned as a secret agent of the German Government to work in Chile and had only recently been deported from Peru and is presently confined to an internment camp in the United States. XU

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Acting on information made available by our representatives through the American Ambassador, the Peruvian authorities detained Hans Blank Vogel for suspected espionage activities. Blank admitted he had been assigned by his superiors to obtain information regarding the air base, San Marcos, and to obtain reports on movements of troops. As no affirmative action of a prosecutive nature was instituted against him by the Peruvian authorities, he was included among those to be removed from the country by deportation and is presently interned in the United States. ~~X~~ 2

The Communist Party has made little headway in Peru as compared with other countries in Latin America. However, they have recently launched a membership drive which has for its apparent purpose the development of as large a party as possible. An informant of the Legal Attache has managed to obtain party membership, through which action it is expected that information of value will be received regarding Communist activity. ~~X~~ 2

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EL SALVADOR

Because of the fact that the physical area of El Salvador is so small, it has been necessary to have only a small number of SIS representatives in that country. At the present time our SIS representation consists of one Legal Attache. However, it is expected that an Assistant Legal Attache will be shortly assigned as an assistant to him.

Comparatively speaking, there has been little active enemy espionage activity in El Salvador. However, as a result of the work done by our SIS representatives, El Salvador has effected laws relating to its internal security which has given rise to the claim that there have been no known instances of enemy inspired sabotage or real espionage to date. There have been 98 persons deported from El Salvador since that country declared war upon the Axis immediately following Pearl Harbor.

Bureau personnel in El Salvador contributed a good deal of information as partial basis for such deportations and has also under the present conditions, submitted a large quantity of information relating to financial and commercial transactions of Axis Nationals as a result of which, it is believed any real continuous activity on the part of such nationals has been completely curtailed.

As the result of these deportations, SIS inquiry has been able to be concerned with a survey of French and Spanish activities and organizations which are active. In this connection it is to be noted that Bureau representatives were able to secure two of the Spanish diplomatic codes being utilized by that country. In addition, general coverage has been developed to the point where Bureau representatives are able to be informed not only of travel to and from El Salvador, but to have information concerning the political and general subversive activities with which the country is confronted.

Exceedingly close harmonious relations have been established not only with the other United States agencies, but with the El Salvador government which has looked to the Bureau personnel assigned to the American Embassy for leadership and guidance in its control of Axis activity.

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URUGUAY

Internal Security

Paul Klaas and many of his associates were arrested by the Uruguayan authorities on February 15, 1944, as a result of information obtained by SIS representatives, which was made available to the Uruguayan police through appropriate diplomatic channels. Klaas was formerly Chief Engineer of the Mechanical Division of the Port of Montevideo and was recognized and characterized as an active Nazi. Klaas was subsequently dismissed from his position at the Port but still maintained contact with many individuals employed by the Port authorities. The SIS representatives are presently cooperating with the Uruguayan authorities in interrogating Klaas and his confederates.

Piero Consarelli, an Italian Army officer who came to Uruguay in 1940, has been the subject of an investigation by SIS representatives for a considerable time. Recently the Uruguayan authorities conducted a raid of the premises of Consarelli and found numerous documents together with photographs of Consarelli in an Italian Military uniform. Badges of the Fascist Party and several receipts indicating payment of dues to the Fascist Party of Uruguay in 1941 were also found. Some of the documents which were alleged to be in the handwriting of Consarelli, placed undying faith in the Fascist Republican Government.

Juan Carlos Mendieta (Stcheveri), an Argentine citizen, was arrested by the Uruguayan police during September, 1943, on charges of distributing pro-Nazi and anti-U. S. propaganda in Paraguay, which had been imported from Argentina. The arrest of Mendieta subsequently lead to the discovery of a widespread anti-Allied propaganda ring in Paraguay. Jacobo Rismann, a confederate of Mendieta who acted as courier on the boat from Buenos Aires to Montevideo, was also arrested. The Bureau representatives assisted in this case.

Arnold Fuhrman, together with seven other Germans, was arrested by the Uruguayan authorities for conspiring against Uruguay. Fuhrman was described as a leader of an organization which was formed to execute the so-called "Fuhrman Plan", under which Germany was to take Uruguay by force and convert it into an agricultural province. SIS representatives cooperated with the Uruguayan authorities in investigating this matter, and it was recently learned that Fuhrman was sentenced to 13 years in prison and five of his associates were sentenced to terms amounting to 43 years.

Juan Bove Trabal, the son of a retired Uruguayan General, was arrested by the police on November 6, 1943, upon his return from Buenos Aires by boat. A search of Trabal's possessions reflected a considerable amount of pro-German propaganda which he stated was to be distributed among the Uruguayans. It was later learned that the Argentine Foreign Minister had made a proposal to the Uruguayan Ambassador in Buenos Aires suggesting

also opposition between the two countries. In connection with the investigation thereof, their action was believed to indicate that Argentina feared that developments in the matter would involve many high Argentine political officials. Trabal's arrest climaxed an investigation conducted jointly by the Uruguayan police and SIS representatives. X U

Espionage

Paul Joseph Henning, an employee of the Warship Administration in Montevideo and presently in charge of repairs of the former German steamship "Tacoma", has allegedly been corresponding with Thelo Martens, a known German agent and saboteur in Buenos Aires. Martens was arrested by the Buenos Aires authorities on February 16, 1944, in a round-up of German espionage agents. Martens was the Argentine representative of the North German Lloyd Steamship Line and a prominent member of German aristocracy. He was a frequent visitor of the German diplomats and was apparently the leader of an organization engaged in obtaining espionage information. Reports indicate rather definitely that he was for a time concerned with the setting up of a sabotage agency in Argentina and Brazil. Investigation concerning Henning's activities is being conducted by SIS representatives, and U. S. Naval authorities have taken extraordinary precautions to guard against any possible sabotage by Henning. X U

As a result of information obtained by SIS representatives, which was later made available through appropriate channels to the Uruguayan police, the residence of Shukichi Sagara, a Japanese National, was searched on the morning of March 17, 1944. At the time of entry Sagara was listening to a radio program from Tokyo and taking notes in Japanese. A secret compartment was found in the floor of the house and another in the wall containing two thousand pesos and numerous documents in Japanese. It was also determined that Sagara receives a Buenos Aires-Japanese newspaper concealed inside of a Buenos Aires newspaper. Further action against Sagara is dependent upon results obtained from an examination of the documents found in the secret compartments in his home. X U

Sabotage

As a result of information obtained by SIS representatives, Edgard Khlen was arrested by the Uruguayan authorities on a charge that he threatened that the SS "Tacoma", which is presently being repaired in Montevideo, would never leave the Montevideo harbor. Khlen, a German, is a former cook aboard the German ship SS "Olinda". Also arrested and detained were two of Khlen's associates who were alleged to have been present at the time the sabotage threat was mentioned. X U

Uruguay might be considered as the South American country wherein the Communists are presently most active. Although the local Communist Party itself has not displayed any outstanding achievements, there are a number of refugee Communists who have found refuge in Uruguay from the hostile governments of Argentina and Paraguay, as well as the Nazi dominated countries of Europe. X U

During the latter half of the past fiscal year, the Russian Government was recognized by Uruguay and has established a Minister there who has brought a large staff with him. Although the Russian Legation has not yet become organized on a permanent basis, numerous local and refugee Communists are known to have called on the Minister and he has appeared at local meetings in Free Slav groups. 62

All possible steps are being taken in Uruguay to adequately cover all types of Communist activities there, including the use of informants who formerly resided in Argentina, and representatives of the Polish Intelligence. 62

The local Communists held 14,000 votes in the last election which is 2% of the country's votes, and they now have two representatives in the Uruguay parliament. 62

The C.T.A.L. or Federation of Latin American Workers, which is headed by Vicente Lombardo Toledano of Mexico, controls the majority of labor organizations in the various Latin American countries. It might be stated that all of these labor unions are controlled or predominately influenced by the Communists in the various countries. The C.T.A.L. held a convention in Montevideo in February of 1944 which consisted of three open sessions and at least two secret sessions. All of the resolutions adopted by the convention followed the usual Communist Party lines which included fighting the Franco regime and other such elements which are working to undermine democracy and destroy the unity of the people. This convention was adequately covered by SIS representatives and all pertinent information obtained was transmitted to the interested governmental agencies of the United States in Washington. 62

Liaison with Maritime Police 62

Through the efforts of the Legal Attache in Montevideo, a close liaison has been established with the Maritime Police officials. Through this close liaison and cooperation, it has been possible in the past to have individuals removed from Spanish vessels docked in the Port of Montevideo where information has been developed indicating that these individuals may possibly be engaging in smuggling diamonds, platinum, or other articles of interest to the Axis. 62

The Bureau's representatives in Argentina have recently experienced considerable difficulty due to the Argentine Secret Police who have recently been conducting a campaign of arrests of our informants which action is seriously hindering their activity. In view of the close liaison and cooperation which has been previously established by the Legal Attache with the Montevideo Police, it has been possible to make arrangements whereby several of the Bureau's important informants in Argentina could leave that country and take haven in Uruguay until such time as it was believed safe for them to return to Argentina. In some instances informants have left Argentina and proceeded to Uruguay only to find that an order for their arrest had been requested by the Argentine Police. In those instances where informants have been arrested by the Uruguayan authorities, it has been possible to secure their release through the intercession of the Legal Attache in Montevideo. 62

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Political Activity

Considerable information has been received in the recent past indicating the possibility of a coup d'etat in Uruguay. The general political situation in Montevideo is described as being tense and the police have undertaken strict precautionary measures in order to cope with the possible revolution. Through several confidential sources information has been developed to the effect that the activity of Luis Alberto Herrera and his Nationalists seems to be one of the main causes of discontent within the country. It is said that the President of Uruguay has openly described Herrera as a Nazi. Additional information developed indicates that Herrera is intriguing with Manini Rios (President of the Senate's Constitutional and Legislative Committee) who is also an avowed enemy of President Amezaga. The Herrerista obstructionist political tactics are said to greatly impede the government's functioning. They have recently been attempting by political coercion to force the government to form a coalition with them and in return they offer to withdraw their opposition to the conscription law. A close relationship is also known to exist between the Herrerista extremists and various Argentine Nationalists. SIS representatives are maintaining a constant coverage of the political activities of Herrera and his followers.

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VENEZUELA

During the past year FBI operations in Venezuela have become increasingly effective as the Legal Attache's Office, with a complement of a Legal Attache and eight Special Agents, procures more complete control over intelligence activity in the country. Relations between the Embassy and the Legal Attache's Office have been of an excellent nature and a previous bad situation involving minor usurpation of the Bureau's jurisdiction by the Naval Attache has been eliminated. The Bureau's relations with the Venezuelan Police are presently better than at any previous time. A better working arrangement is being maintained with the British Intelligence Service as a result of the recall of one of their representatives who had assumed an uncooperative and antagonistic attitude toward the Bureau.

The coverage in all phases of intelligence activity has been increased. Considerable effort has been expended by the Legal Attache's Office in developing coverage over diamond smuggling activities in the country. Extensive investigations and informant coverage over this matter have resulted in the identifying of the principal individuals involved in diamond traffic in Venezuela. FBI representatives have stated that due to the excellent control over the movements of possible smugglers there seems to be little activity in the transfer of diamonds from Venezuela to the Axis.

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By virtue of the development of [redacted] the Legal Attache's Office, there presently exists available to the Legal Attache an unofficial censorship of all incoming and outgoing postal communications. This coverage has been particularly advantageous to the Legal Attache's Office, and as an example of the type of coverage maintained over mail in Venezuela, may be cited the interception during the early part of September, 1943, of a letter addressed to the Quimica Bayer-Weskott drug box in Venezuela from a fictitious individual in Argentina, indicating that a large shipment of drugs would be sent to Venezuela from Argentina. It will be recalled that the Quimica Bayer-Weskott and Company and the Bayer Company in Argentina are subsidiaries of the I. G. Farbenindustrie, a firm which has attempted to continue its operations in South America. The information was immediately brought to the attention of the United States, and immediate steps were taken to intercept the shipment or to prevent its reaching the Quimica Bayer firm in Venezuela. The goods were scheduled to arrive in Venezuela aboard the SS "Rio Grande" during the month of October, and through a scheme worked out in connection with [redacted] SS "Rio Grande", the goods were prevented from being unloaded in Venezuela. Upon the arrival of this vessel at Puerto Rico, the shipment was seized by Customs officials at San Juan on October 18, 1943, on an order signed by the Alien Property Custodian. Pharmaceutical goods and vaccines amounting to $23,691.20 were the results of such seizure.

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Coverage of political and economic events have also been very good. Reliable information has recently been developed by the Legal Attache in Caracas indicating that representatives of Swedish interests are interested in introducing into Venezuela two hundred and fifty millions of dollars for public improvements in exchange for shipments by the Venezuelan Government of petroleum to Sweden over a twenty-five or thirty year period. X U

As an example of the coverage of this matter, according to a reliable informant, contacts have been made with the Venezuelan Ambassador to the United States, Diogenes Escalante, by [redacted] a naturalized American citizen of Swedish origin [redacted] Philadelphia, Pennsylvania. [redacted] b7C recently arrived in Venezuela and shortly thereafter had an interview with President Medina, together with [redacted] a Swedish national of New York who also recently arrived in Caracas. It is also known that [redacted] had an extended interview with President Medina on June 9, 1944. It has been reported that President Medina favors the proposition, although he hopes it can be effected without damaging relations with the United States Government and business interests. X U

The United States Embassy in Caracas and the State Department have indicated a very definite interest in this matter, and the State Department has requested that an investigation be conducted of the activities of Andres Daniel Hopfoldt in New York. X U

In the field of espionage and subversive activities, the Legal Attache's Office in Venezuela has achieved some notable results. During the summer of 1943, Walter Hadanovsky, a Nazi Party leader and the individual who handled German affairs for the Spanish Legation and who was also undoubtedly connected with espionage activities in Venezuela was interned as a result of the information developed by the Legal Attache's Office. Hadanovsky was the Manager of Quimica Bayer-Weskott and Company, a German firm and was a prime force behind Nazi activities. X U

Pedro Alfonso Acero, a former diplomatic official of the Venezuelan Government in Hamburg who returned to Venezuela to serve as an agent of the Sicherheitsdienst, as a result of investigation conducted by the Legal Attache's Office, was rendered entirely useless to the German Government. As a consequence of information furnished to the Venezuelan National Police organization, Acero was interrogated by Bureau representatives, and although he admitted no espionage activities, he did admit that he had been approached by the Germans to act as an agent for them. No action, however, could be taken because of his Venezuelan nationality and friendship with the Venezuelan authorities. Luitpold Wolgert, a fanatical Nazi who attempted to collaborate with Acero was also interrogated, and because there were definite indications that Wolgert was a dangerous Nazi, the Venezuelan Government decided to deport him in the interior of the country. X U

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Communism in Venezuela

The Communist Party of Venezuela has become increasingly active and influential and is well organized. On June 20, 1944, the Venezuelan Senate approved a proposed amendment to the National Constitution which would legalize the Communist Party.

Effectual confidential informant coverage developed by Bureau representatives in Venezuela has produced valuable information showing the extent and scope of the Communist movement. The basis of the Party structure has been determined to be the "Cell" and during the past year, it is estimated that approximately three hundred new Cells have been created by the Party which has been concentrating its organizational efforts principally among labor groups and front organizations.

It has been ascertained that the Party in Venezuela was first organized in New York City around 1925 by Communists who had been expelled from Venezuela by a Presidential administration which followed the policy of complete suppression of Communism. Aurelio Portocarrero, the founder of the Communist Party of Venezuela, left the country in 1923 and remained in Russia until 1926, at which time he returned to Venezuela as a delegate from the Third Communist International. For a time the Party was compelled to act in secret under directions from Communists in Berlin, Germany, where the Western Section of the Third Communist International was then located. The Party was thereafter successful in obtaining additional members and sympathizers and at the present time, while the Party is not legally recognized in Venezuela, it operates openly under the leadership of Juan Bautista Fuenmayor.

National Congresses have been held by the Party in secret session each year since 1930 and are convoked by the Central Executive Committee under the guidance of the Political Bureau of the Party. It is known that there is a division of opinion existing within the Party and the opposing groups are led by Salvador de la Plaza and Eduardo Machado. It is believed that the differences between these two factions are actually the result of ambitions of De la Plaza and Machado who are both seeking supremacy of leadership.

Bureau representatives have obtained information indicating that President Medina of Venezuela has maintained liaison with the Communist Party for some time, based on a secret understanding between President Medina and the Party to the effect that the President make an effort to amend the Constitution of Venezuela so far as it relates to the prohibition of Communist activity.

The Party has been active in disseminating propaganda through the medium of Party publications and the establishment of bookstores to serve as an outlet for Communist propaganda of all description. This phase of Party activity is also being followed by Bureau representatives.

The Communist Party of Venezuela has been particularly active in organizing the laboring classes, particularly in the oil companies. Investi-

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ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1 44 - 1946

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TABLE OF CONTENTS

		Page
I.	SIS OPERATIONS AT THE SEAT OF GOVERNMENT	1
	A. Changes in Administration	1
	B. SIS Finances	2
	C. Special Projects	3
	D. World-Wide Intelligence	7
II.	SIS OPERATIONS IN THE FIELD	9
	A. Administrative Changes	9
	B. FBI Legal Attaches	12
	C. SIS Employees in the Field	13
	D. SIS - olice Liaison	14
	E. Security Surveys	19
III.	SELECTION AND TRAINING OF SIS PERSONNEL	21
IV.	COMMUNICATIONS AND TRANSPORTATION	22
V.	NEW YORK SIS OFFICE	23
VI.	COVERS AND COVER COMPANIES	24
VII.	MAJOR ACCOMPLISHMENTS	25
	A. Espionage and Sabotage	25
	B. Safehaven Project	36
	C. Expulsions, Internments and Repatriation	38
	D. Smuggling	45
	E. Communism	48
	F. SIS Statistics	52
VIII.	ACCOMPLISHMENTS BY COUNTRIES	56
	A. Argentina	56
	B. Bolivia	62
	C. Brazil	65
	D. Chile	71
	E. Colombia	76
	F. Costa Rica	79
	G. Cuba	80
	H. Curacao, N. W. I.	83

SECRET

SECRET

		Page
I.	Dominican Republic	84
J.	Ecuador	86
K.	Guatemala	89
L.	Haiti	91
M.	Honduras	93
N.	Mexico	95
O.	Nicaragua	103
P.	Paraguay	105
Q.	Panama	109
R.	Peru	110
S.	El Salvador	114
T.	Trinidad	116
U.	Uruguay	118
V.	Venezuela	121
W.	Canada	125
X.	England	125
Y.	France	126
Z.	Germany	126
AA.	Italy	128
BB.	Portugal	129
CC.	Spain	130
DD.	Philippine Islands	131

X
21

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I. SIS OPERATIONS AT THE SEAT OF GOVERNMENT

A. Changes in Administration

During the fiscal year of 1944-1945, a number of important administrative changes have taken place in the SIS Section at the Seat of Government. Formerly, the SIS Section was made up of three units: the Operations Unit, the South American Investigative Unit and the Caribbean Investigative Unit, each under a Unit Chief. The two last-named units have been combined and the present arrangement is an Operations Unit and an Investigative Unit, each under a Supervisor in Charge who is responsible to the Assistant Section Chief and the Section Chief. X U

Bureau Agents have been assigned to the Pacific theater in addition to Latin America and Europe. It has become necessary to establish a Supervisor to examine the material received from the Pacific theater, coordinate the information at the Seat of Government and properly distribute the material to the interested Governmental agencies and to the SIS and domestic fields. X U

Formerly, monographs were compiled by the various SIS Supervisors in addition to their regular supervisory work. A change has been made in this arrangement so that at present four Supervisors are being utilized exclusively in the work of compiling monographs. This method assures rapid completion of monographs containing up-to-the-minute material.

At present, Memoranda for all FBI Legal Attaches, instead of being printed individually, are grouped and printed each week and transmitted in these weekly communications to the Legal Attaches. X U

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B. SIS Finances

For SIS operations during the fiscal year 1945, the amount of $3,100,000 was made available to the Bureau. This amount consisted of $1,925,000 of unexpended funds from the 1944 allocation and a new allocation of $1,175,000.

As of June 30, 1945, the sum of $2,683,445.61 had been expended as follows:

Salaries		$1,341,534.86
Living & Quarters Allowances		348,006.99
Expenses		491,687.93
Informants		445,808.39
General Expenses:		11,614.89
Property	$51,987.46	
Less:		
Miscellaneous Receipts	2,071.67	49,915.79
Entertainment		1,136.86
TOTAL		$2,683,445.61

These amounts, of course, do not include amounts expended or obligated as of June 30, 1945, for which accounts had not been received at the Bureau as of that date.

For the fiscal year 1946, the Bureau has requested the sum of $4,000,000 for SIS work.

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C. Special Projects

Monographs and Special Memoranda

Three monographs have been completed during the past fiscal year covering the following topics: a supplement on the Republic of Paraguay, a monograph on the Dominican Republic and one on the Philippine situation. In order to attain higher efficiency and cause the distribution of monograph material to interested governmental agencies, four supervisors have, during the past year, been assigned to the SIS Section to work exclusively on the preparation of monographs concerning timely and interesting subjects. Monographs will be compiled in the immediate future on the Republic of Haiti, Japanese in Latin America, Japanese Today, Communism in Latin America and Police Systems in Latin America. Other topics being worked on include Labor in Latin America, French Activities in Latin America, German Colonies and German Financial Interests in Latin America. A compilation of German espionage activities is also being prepared. X(U)

Past experience has disclosed that interested governmental agencies find of particular value topical memoranda on special situations and conditions in the Latin American countries. A great many of such memoranda have been compiled in the SIS Section for appropriate distribution. One such document concerning Communists in Latin America with European Backgrounds was submitted to our representatives in Europe. A summary on general Communist matters was submitted for the information of the United States Ambassador in Costa Rica who, prior to receiving the information, was reluctant to believe the existence of a Communist Party in that country. Separate memoranda were written on Communists in each country in Latin America for the use of United States officials at the San Francisco Conference. Of particular interest to the State Department was a memorandum of vital political importance concerning the collaboration between Bolivian, Argentine and German officials prior to the Bolivian revolution of December 1943. Political data obtained from decodes of RDZ, a clandestine radio station in Argentina, corroborated investigation by Bureau representatives and verified many facts disclosed by the investigation. X U

The Emergency Advisory Committee for Political Defense has been the subject of considerable interest in the past. During 1945 the committee has been noted to be relatively inactive. A running memorandum noting all current activities and developments of the committee is being maintained in the SIS Section. X U

A detailed document was compiled in the SIS Section concerning intelligence data in Europe. This document contained information on individuals and organizations in Europe as disclosed by intelligence activities in the Western Hemisphere. Copies of the document were made available to the State Department, Justice Jackson of the War Crimes Commission and our representatives in Europe for their assistance and for use by military authorities. X U

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Mexico Conference

The Inter-American Conference on Problems of War and Peace convened at Mexico City on February 21, 1945. Assistant to the Director Mr. E. A. Tamm was in direct charge of security for the American delegation to the conference. Information concerning delegates from all Latin American countries was made available to Mr. Avra Warren of the American delegation for their assistance at the conference. Security supervision was undertaken particularly at the Imperial Building in Mexico City which was utilized in connection with the conference. Specific recommendations of a security nature were proposed and other surveys were undertaken by Bureau representatives of the quarters used by leading officials of the State Department for their safety. The staff of the Civil Attache in Mexico City utilized splendid informant coverage to obtain intelligence data for the American delegation. The Argentine situation held a prominent place in the agenda, and to support the State Department's position concerning Argentina a complete documented memorandum illustrating extensive Axis espionage activities and Argentina's failure to implement her commitments as a hemisphere power as presented the State Department by the Bureau was looked upon as adequate proof of the true situation in that country.

United Nations Conference on International Organization

As an outstanding project during this fiscal year, the Bureau was given the responsibility for the security of Secretary of State Edward Stettinius and for general intelligence coverage for the State Department during the recent Conference at San Francisco which took place in that city from April 25, 1945, to June 25, 1945.

In accordance with the wishes of Secretary Stettinius, arrangements were made by the FBI under the direction of Assistant to the Director E. A. Tamm for a security detail to fully protect the person and apartment of the Secretary during his attendance of the Conference at San Francisco. In addition, intelligence coverage was instituted not only through the domestic field offices of the Bureau but also throughout all of its SIS offices in order to procure intelligence information for the United States delegation and for the State Department which would be both timely and of value as to content for these individuals in dealing with the representatives of other nations and pressure groups endeavoring to force their viewpoint at the Conference.

A tremendous volume of memoranda was submitted in accordance with this program, not only affecting the general questions which arose for consideration at the Conference but in addition concerning the official and

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unofficial members of the various country delegations and individuals desiring to submit a specific viewpoint to the Conference. In addition, a large number of varied and sundry miscellaneous missions were undertaken for the Secretary of State and individual members of the United States delegation in the course of this assignment. We have been advised by the officials of the State Department of the inestimable value of the coverage procured by the Bureau in connection with this conference. (U)

War Crimes Commission (U)

In order to have the United States interest in the problem of prosecution of war crimes adequately presented, President Truman appointed Associate Justice Robert Jackson of the Supreme Court to function as a major prosecuting attorney with a selected staff. Conferences were held with Mr. Justice Jackson as a result of which the FBI has held in readiness Special Agent personnel for use by Mr. Jackson. In addition, the SIS Section in coordination with the Internal Security Section has furnished to Mr. Justice Jackson a detailed memorandum dealing with Axis penetration in the Western Hemisphere and a copy of the Bureau's extensive and detailed European target memoranda as an assistance to Mr. Justice Jackson in this project. (U)

It might be also noted that the Bureau has received considerable praise for its cooperation and work in connection with the installation of a filing system for the War Crimes Commission. (U)

Japanese Intelligence Information Furnished FEA (U)

The Foreign Economic Administration during July 1944 requested the Bureau to obtain all available information in Latin America concerning the location and output of important factories in Japan as well as data relating to transportation systems, bridges and other strategic military points. A widespread survey was conducted to obtain the desired information and splendid results were attained as in one instance over 250 pounds of Japanese publications were obtained in Brazil which material was immediately furnished FEA. (U)

b7C
b7D

Survey of Creole Petroleum Corporation of Venezuela

Special Agent [redacted], acting in an undercover capacity as a representative of [redacted] completed a survey of the facilities of [redacted] of Venezuela, which [redacted] An effort was made to determine the various possibilities of sabotage to the industrial facilities of this corporation. A detailed report and over 800 photographs relating to nine oil firms were obtained. The photographs were compiled in album form and with the report formed a detailed and valuable document.

Indices and Records

Various special records and indices have been compiled in the SIS Section for the assistance of the supervisors and the field as a whole. The SIS photograph album of espionage agents inaugurated during 1944 has expanded until there are now photographs and descriptions of 325 known and identified espionage agents. A copy of this album has been furnished the Bureau representatives in France for their use in the interrogation and screening of German agents. Logs have been maintained on all clandestine German messages obtained from [redacted] and on all messages intercepted in the NDZ clandestine radio traffics emanating from Argentina. From this index all matters pertaining to a particular subject or containing a given name may be found in one location and thus analyzed properly.

b2
b7D

A stop notice index has been inaugurated during the past year in order that an accurate and exact record of all stop notices throughout Latin America can be maintained in one central location.

Fingerprints and Photographs of Axis Repatriates

The deportation program involving the removal of several thousand Axis nationals from Latin America to Europe necessitated a program to obtain fingerprints and photographs of all individuals repatriated when it was found that the German Intelligence Service was using such repatriates as espionage agents. Various SIS offices have assisted in forwarding to the Bureau fingerprints, photographs and identifying data of all Axis nationals repatriated or deported. This information is now available in the Bureau files.

SECRET

D. World-Wide Intelligence

It was early recognized by the Bureau during this fiscal year that the fast-moving developments in the European Theater of war would soon necessitate a reallocation and new policy for the employment of intelligence personnel on behalf of the United States throughout the world if we were to properly continue to function as one of the "Big Three." With this basic premise in mind, the State Department, as the unit of government charged with the handling of the foreign policy of this country, was advised on September 7, 1944 that it was the opinion of the Director of the Federal Bureau of Investigation that there was an immediate necessity for the inauguration of an intelligence agency on a world-wide scale to this end.

This original communication to the State Department pointed out the vital need in this regard and while it set forth the peculiar qualifications of the Bureau to function in this capacity, laid stress upon the necessity for an immediate crystallization of policy in order that steps might be taken to establish and operate the proper coverage. Soon thereafter, in order to consummate this thought, the major intelligence agencies of this government were each solicited for an over-all plan, which resulted in two major viewpoints being presented as possible solutions.

In response to the request of President Roosevelt, General William J. Donovan, Director of the Office of Strategic Services, furnished a plan providing for the creation of a new agency in the Executive Office of the President, to direct the functions as an over-all control of existing intelligence agencies with respect to collection, analysis, and dissemination of world-wide intelligence information. The provisions of this plan generally provided a super-agency whose powers would not be subject to legislative control, departmental authority, jurisdiction or responsibility, but would be politically held to function in a manner so as to actually control and compete with the presently-operating intelligence agencies. This plan was taken under consideration by the Joint Intelligence Committee under the direction of the Joint Chiefs of Staff as representing the Army and Navy viewpoint, and was rejected. With this rejection a counter plan was submitted by the Joint Intelligence Committee which reflected that it was essentially the same plan as that submitted by General Donovan, with only slight changes providing for an advisory board consisting of the Secretary of State, the Secretary of War, and the Secretary of Navy, and such other members as the President might subsequently appoint, instead of the provision for the appointment of a single director as contemplated by the Donovan Plan.

SECRET

Recognizing the futility and valuelessness of such proposals, a plan was submitted by the FBI, based upon its present successful war experience, which would merely extend the FBI system presently utilized in Latin America to the world, so that the regularly-established and experienced personnel of the Offices of the Military and Naval Attaches could continue to coordinate and cooperate with the representatives of this Bureau functioning in each United States diplomatic establishment throughout the world. XII

The resolving of this problem was held in abeyance following the death of President Roosevelt and the inauguration of President Truman, during which time the pertinent officials of the agencies concerned, i.e., the State, War, and Navy Departments, as well as the presidential advisers, were fully informed by the Bureau not only as to the FBI plan but were furnished with analyses reflecting objections to the other proposed plans. A further deterrent has been the resignation of Secretary of State Edward R. Stettinius and the fact that his successor, James F. Byrnes, has not had the opportunity to consider this problem from his new position, due to the necessity for his presence at the meeting of the major powers at Berlin, Germany. At the present time no known decisions have been made by the President as to a choice of plan or a selection for responsibility in this matter for the same reason.

~~SECRET~~

[redacted] IN THE FIELD

1. Administrative Changes

Latin America

During the past fiscal year, two additional SIS offices in Latin America have been opened. At the request of the State Department Legal Attaches have been attached to the American Embassies at Tegucigalpa, Honduras, and Panama City, Panama.

In order to increase the efficiency of the SIS Division, a system of inspections of SIS offices by regular Bureau Inspectors has been instituted. Also, SIS Manuals have been issued to the various Legal Attaches and are available to all Bureau SIS representatives in order to insure uniformity in the work and administration of SIS offices in so far as is feasible and practicable. The procedures set forth in the Manual in general are in uniformity with procedures in the Bureau's domestic field in so far as is practical, but provision has been made for the problems incidental to the SIS field.

The Bureau has initiated the policy of allowing Bureau representatives openly assigned to foreign countries in the Western Hemisphere, and to London, England, Lisbon, Portugal, and Madrid, Spain, to have their wives and minor children accompany them to their foreign posts of assignment if they so desire. Transportation of these families is being made at Government expense. This has added materially to the morale and efficiency of the Bureau's SIS representatives.

Europe

During the fiscal year of 1945, a considerable number of changes and developments have taken place in the SIS administrative operations of our Liaison Offices on the European Continent. The normal functioning of our offices in London, England, Lisbon, Portugal and Madrid, Spain has continued under the usual assignment of Legal Attaches and Assistants to the staffs of the American Ambassadors at those posts. Similarly maintained has been our office at Ottawa, Canada in liaison with the Royal Canadian Mounted Police. The personnel of these posts has not changed beyond the assignment of an additional Assistant Legal Attache to the staff at Lisbon, Portugal, (Special Agent [redacted]) and the authorization which has just been received for a similar additional Agent at Madrid, Spain.

b7C

The major development under the Attache system of assignment to the staffs of American Ambassadors has been the institution of an office by two Special Agents [redacted] in the American Embassy at Paris, France, upon the request of Ambassador Jefferson Caffrey. Further, a Special Agent [redacted] was similarly assigned to the American Embassy at Rome, Italy. In this connection, it might be noted that the Agents assigned to Paris and Rome have been given merely the title of Attache and Vice Consul respectively, following the policy of anonymity for future operations abroad.

b7C

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In addition to the above normal method of assignment, a new system was inaugurated with the assignment of Special Agent personnel as Liaison Officers with the Army in the European Theater of Operations. As a result of this policy, an office was begun at Rome, Italy, in liaison with the Army by the assignment of Special Agent [redacted] on August 13, 1944. Agent Avignone was replaced by Special Agent [redacted] who presently has the assistance of Special Agents [redacted] there. Invitations have been received and necessary arrangements made to send two additional Special Agents [redacted] to assist in that liaison work. Additional arrangements have been made at Rome for the assignment of two Bureau Agents to a United States Army Intelligence Task Force being formed in Italy, which is to be dispatched into Austria. Special Agents [redacted] are destined to depart on this assignment on July 10, 1945. Stenographer [redacted] is assigned to work with Agent Amprim's group at Rome. b7C

A similar arrangement for Army liaison was made during 1944 in France so that an office was established at Paris on September 30, 1944, originally beginning with Special Agents [redacted] These Agents, working in liaison capacity with the Supreme Headquarters of the Allied Expeditionary Force, (SHAEF), developed the office to a point where it became necessary to add additional personnel as a result of which Special Agents [redacted] proceeded to Paris on January 6, 1945. This number was augmented by six additional Agents, namely, [redacted] making a total of eleven. b7C

This assignment with SHAEF progressed favorably to the point, where in the interest of better working arrangements, the group was divided on June 7, 1945, and, under the personal supervision of Special Agent [redacted] Agents [redacted] moved on with Army Headquarters to Frankfurt, Germany, where a temporary office is presently set up. It is expected that this liaison group with the Army will be further subdivided at an immediate future date so that a permanent office can be opened at Berlin, Germany. The personnel remaining at Paris, France is continuing to function at that point under the supervision of Special Agent [redacted] in liaison with Army Forces still resident there. Stenographers [redacted] are working with Special Agent [redacted] group in Germany, while Stenographer [redacted] is continuing in addition with Agent [redacted] at Paris. b7C

Far East

As a final addition to the developments of the Army liaison arrangements, Special Agents [redacted] departed Washington on March 13, 1945, and instituted a liaison office at Manila, Philippine Islands with the office of G-2 of the Army Forces in the Far East. These Agents will presently be joined by Special Agents [redacted] in a similar liaison capacity. In addition, arrangements are in progress for the assignment of ten Special Agents to Manila to function in the dual capacity of Liaison Officers with the Counterintelligence Corps and the Military Police. Bureau Stenographer [redacted] has been assigned b7C

to the group at Manila. XU

In an effort to spread the net of coverage as far as possible in the Far East, where Special Agent assignment cannot be made due to the war situation, liaison has been continued with the Australian and New Zealand Security Services by a free exchange of information of mutual interest, inasmuch as these organizations have had long-standing lines of information into the Asiatic area. XU

Special Continental Assignments XU

In order to suitably supervise the functioning of the European offices, an inspection trip of the European Continental groups was made during the period of November 20, 1944, to February 20, 1945, by Inspectors [redacted] and [redacted] to further integrate these liaison offices into the SIS system. XU

b7C

A special liaison assignment in connection with the study of Communism was completed by the trip of Special Agent [redacted] to London, England, for the period, July 25, 1944, to August 12, 1944. During this period Agent [redacted] held a series of conferences with [redacted] (S) at London in connection with this problem. § b1

In response to the request of the State Department, Special Agent [redacted] departed Washington to begin a tour of inspections for the purpose of making security surveys throughout the European Continent. Special Agent [redacted], departed Washington on April 23, 1945, for a similar assignment. Special Agent [redacted] is presently in Paris, France, while Agent [redacted] is presently in Sweden. XU

b7C b7D

As particularly interesting examples of coverage effected by our liaison offices, it might be noted that for the period, May 3, 1945 to June , 1945, Special Agent [redacted], in company with [redacted] inspected the extreme western provinces of Canada, while Special Agent [redacted] visited Phillipsville, North Africa from June 20, to July 6, 1945, in order to interview a subject of a German espionage case. XU

b7C b7D b7C

B. ~~XXX~~ Legal Attaches XU

With the establishment of Legal Attaches in Honduras and Panama during the fiscal year 1945, the Bureau had, as of June 30, 1945, representatives in all of the twenty independent countries of the Western Hemisphere, as well as in Canada, the British possession of Trinidad, and the Dutch Island of Curacao. During the fiscal year 1945, an Attache had also been dispatched to the American Embassy at Paris, France, and a Special Agent assigned as Vice Consul to the American Consulate in Rome, Italy, was preparing to leave for his post. XU

There, as of June 30, 1945, the Bureau had Legal Attaches assigned as follows: XU

Buenos Aires, Argentina
La Paz, Bolivia
Rio de Janeiro, Brazil
*Ottawa, Canada
Santiago, Chile
Bogota, Colombia
San Jose, Costa Rica
Havana, Cuba
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
London, England
**Paris, France
Guatemala City, Guatemala
***Port-au-Prince, Haiti
Tegucigalpa, Honduras
***Mexico City, Mexico
Curacao, N.W.I.
Managua, Nicaragua
Panama City, Panama
Asuncion, Paraguay
Lima, Peru
Lisbon, Portugal
San Salvador, El Salvador
Madrid, Spain
*Port-of-Spain, Trinidad
Montevideo, Uruguay
Caracas, Venezuela

XU

*Ottawa, Canada - Representative carries title of Liaison Officer rather than Legal Attache
**Paris, France - Carries title of Attache rather than Legal Attache
***Haiti and Mexico - Carries title of Civil Attache rather than Legal Attache
*Port-of-Spain, Trinidad - Carries title of Liaison Officer rather than Legal Attache

XU

C. FBI Employees in the Field

The following chart reflects the changes in the personnel on field assignment during the fiscal year 1945:

FISCAL YEAR 1945

	Start (7/1/44)	End (6/30/45)	Increase (Decrease)
Countries to which assigned:	26	32	6
Cities to which assigned:	43	42	(1)
Personnel Assigned:			
Legal Attaches	23	27	4
Special Agents	132	148	16
Special Employees	12	8	(4)
Clerical Employees	90	99	9
Radio Employees	18	20	2
Traveling Legal Attaches	1	0	(1)
Traveling Supervisors	1	0	(1)
TOTAL	277	302	25

b. [redacted] Police Liaison

As of July 1, 1945, the Bureau had fourteen Police Liaison Agents in ten countries of Latin America. These countries were Brazil, Chile, Colombia, Cuba, Peru, Venezuela, Guatemala, Honduras, Ecuador, and Paraguay. The assignment of police liaison representatives to the latter four countries has taken place since July 1, 1944. S U

Police Liaison Schools

In connection with the two regular [redacted] In-Service Schools which began on January 15 and May 21, 1945, there were held Police Liaison Schools of one week's duration each. Fourteen Agents attended each of these Police Liaison Schools. Of the total of twenty-eight, fourteen are presently serving as police liaison representatives. The remainder are in [redacted] offices as Assistant Legal Attaches or are in the domestic field awaiting possible assignment. As can be seen from the above, the Bureau has a reserve ready in the event other countries request police liaison representatives. S U

The curriculum of the [redacted] Police Liaison Schools included general problems of police liaison in Latin America; materials available at the Bureau for use by the Police Liaison Agents; police organization and methods in Latin America (the police of other countries); technique of contacts with Latin American police officials; Bureau policy on Latin American liaison; origin and history of fingerprinting systems; police organization in the United States; police records and a suggestion forum. S U

After the completion of the regular curriculum, several of the Police Liaison Agents have taken ten-day sound training and other laboratory subjects. All of the Special Agents who had previously functioned as Police Liaison Agents in Latin America stated that the courses were of great benefit to them, and they felt that they would be better prepared for their assignments and would have a better idea of how police liaison work fits into the Bureau's program in Latin America. S U

Visits of Latin American Police Officials to the [redacted] S U

Since July 1, 1944, the following Latin American police officials have visited the Bureau: S U

General Ramon Jimenez Delgado, Chief of Police of the Federal District of Mexico in August and September 1944.

Jorge Toriello, civilian member of the Revolutionary Junta in Guatemala in December 1944. S U

Waldemiro Egido Colaneneo, Director of the State Prison Society of Sao Paulo, Brazil, in August 1944.

Juan Wenceslao Olivares of the Police Laboratory, Santiago, Chile, in January 1945.

Inspector Emile Maximilian Wanbergy of the Dutch Guiana National Police in March, 1945.

Dr. Carlos Febres Cordero, Inspector General of the National Office of Investigation and Identification, Caracas, Venezuela in March 1945.

b1

[redacted]

Brazil

In Brazil Police Liaison Agents are assigned at Rio de Janeiro, Sao Paulo, and Porto Alegre. Lectures have been given during the past year to the police in each of these areas by the Bureau representatives; and despite the many changes in police personnel which have occurred, friendly relations and good cooperation have been maintained.

Chile

Only one Agent is assigned to Chile specifically as a Police Liaison Agent, however, during the past year, at the request of the Chilean Government, three additional Agents were sent to assist in the investigation of ship sabotage cases. It is expected that after the completion of the sabotage investigations, the entire group will remain in Chile to work with the police in other matters.

Jorge Barreton who has been head of the Department of Investigation in Chile for a number of years left his office on April 3, 1945, to take a thirty-day leave of absence. He has not returned to office and it is reported that a successor to him will be appointed in the near future.

Cuba

The main problem which has confronted the two Police Liaison Agents in Cuba during the past year has been that of establishing effective relations with the many new police officials appointed by President Grau San Martin after his inauguration in October, 1944. Despite unfavorable conditions, this has been done successfully. Good cooperation is being obtained from present officials and at the same time friendly relations have been maintained with deposed chiefs who might possibly return to power. President Grau has openly expressed his admiration for the FBI and [redacted] the Secretary of Habana, has assured all personnel of full cooperation.

b7C

Colombia (U)

At Bogota the two Police Liaison Agents have worked closely with the Colombian National Police in its training program. Lectures have been given to groups of detectives and to students at the Police Academy. A survey of the Identification Unit was made and much material assistance has been rendered to the Traffic Department. The efforts of the Bureau Agents have been appreciated by high police officials. (U)

Peru (U)

The effectiveness of the police liaison work in Peru was illustrated in connection with the apprehension of the Nazi agent Erich Gimpel in December of 1944. Gimpel had formerly lived in Peru, had married there, but was deported along with other Axis nationals, interned in the United States for a short time and returned to Germany. Following the apprehension of his associate, another German agent, William Colepaugh, the Bureau was conducting a nation-wide search for Gimpel. The only identifying information available concerning him was his name and a description which was furnished by Colepaugh. When it was ascertained that Gimpel had previously resided in Peru, our Legal Attache at Lima was immediately notified. Within a few hours, through the cooperation of the Peruvian Police, Liaison Agent b7C [redacted] had secured photographs of Gimpel, fingerprint cards, had interviewed [redacted] and was en route to the United States by plane. (U)

Venezuela (U)

During the recent Von Appen sabotage ring investigation, ten sabotage agents were arrested in Venezuela. All arrests and searches were made by Manuel A. Pulido, Director of the Department of Investigation, and Police Liaison Agent [redacted]. All interrogations were conducted by members of the office of the Legal Attache. (U)

b7C

Guatemala (U)

b7C

On April 16, 1945, there was inaugurated in Guatemala City a police school attended by seventy-six officers including the Director of the Guardia Civil and all his Assistant Directors. Most of the instruction at this school is being furnished by Police Liaison Agent [redacted]. Considerable publicity has been given the school and its "North American Civilian" instructor. [redacted] has been asked for personal data to be used in a forthcoming edition of "Who's Who in Central America" and the Director of the Guardia Civil has been profuse in his expression of appreciation for the work being done by him. (U)

Honduras (U)

b7C

In Honduras Special Agent [redacted] formerly a supervisor in the Identification Division, is setting up an identification unit. His first job was to train two male students who began their fingerprint instruction on April 18, 1945. The preliminary course has now been completed and the fingerprinting of all persons arrested for felonies has been started. (U)

[redacted] (S) (U)

Special Agent [redacted] b1 b7C was sent to Asuncion as Police Liaison Agent in March of this year. He has been well received by the Paraguayan police officials and is presently making a study of the Identification Department. (S) (U)

[redacted] (S) (U)

[redacted] (S)

[redacted] (S) (U)

Within the last two weeks the assignment of a Police Liaison Agent was requested by the Panamanian Government. Approval has been received from the State Department so plans are being made to send an Agent there in the very near future. (S) (U)

Prospects for Assignment of Police Liaison Agents to Other Countries (S) (U)

It has been decided within the State Department that it would be politically unwise to send a Police Liaison Agent to La Paz, Bolivia, at this time. (S) (U)

There were indications in the first week of April 1945 that after the recognition of Argentina by the United States, the former might request that three Police Liaison Agents be sent there. Recognition occurred on April 9, however, the expected request was not made. About June 15 Ambassador Braden mentioned the matter to the Argentine Foreign Minister who was receptive and suggested the Ambassador prepare a formal memorandum for the Foreign Office. Since that time relations between Argentina and the United States have worsened and it is not known whether the Agents will be requested. (S) (U)

Plans for sending an Agent to Mexico as police liaison have been dropped for the present because the Bureau did not care to accept a proposal made by General Ramon Jimenez Delgado, Chief of the Police of the Federal District of Mexico, which called for the exchange of police liaison men. (S) (U)

Because of unsettled political conditions in El Salvador, it is not believed advisable to send a Police Liaison Agent there at this time. (S) (U)

Two Scotland Yard representatives were sent to Montevideo, Uruguay, in November, 1943, for the purpose of acting as a police mission. They left Montevideo a year later. Their visit was generally regarded in Montevideo police circles as a fiasco and it was notorious that they had devoted very little time to an actual study of police problems. The Legal Attache at Montevideo has advised that because of the fact that the Scotland Yard representatives left only a short time ago, he does not believe it advisable to assign a Bureau Agent to Montevideo as Police Liaison Agent at this time. The Legal Attache and members of his staff are working closely with the police and are furnishing a great deal of material to the Institute of Professional Instruction which was inaugurated in Montevideo on April 19, 1945. This Institute is designed to train police applicants and to furnish specialized instruction for officials of the Montevideo Police Department. ~~SU~~

On May 2, 1945, the Legal Attaches in Haiti, Dominican Republic, Nicaragua and Costa Rica were sent instructions to the effect that in view of the changed circumstances coincident with the end of the war in Europe and the changed intelligence picture, it appears extremely important that police liaison with local authorities be extended. They were told they should endeavor to arrange for the local police departments to request the services of a Police Liaison Agent. ~~SU~~

E. Security Surveys

In August, 1944, the SIS office at Ciudad Trujillo, Dominican Republic, conducted a complete survey of the security measures in effect at the American Embassy in that city at the request of the Ambassador. As a result of this survey, recommendations were made to the Ambassador as to how the security of the Embassy could be improved. (U)

In July, 1944, the SIS office at Asuncion, Paraguay, conducted a survey of the security of the American Embassy in that city. A further survey was made in October, 1944, and as a result, recommendations were submitted to the Ambassador for the improvement of the security of this Embassy. (U)

In August, 1944, a Special Agent from the FBI Laboratory left Washington to conduct security surveys of the telephone installations of the SIS offices at Santiago, Chile; Buenos Aires, Argentina; and Rio de Janeiro, Brazil. At the request of the State Department, this Agent also surveyed the security of the telephone installations of the American Embassies in those cities. These surveys were completed during November, 1944. As a result of these surveys, the telephone security of our offices and of the Embassies in those cities was so improved that it was the opinion of both the Bureau and the State Department that the SIS offices and the American Embassies throughout the balance of Latin America should have the benefit of similar telephonic security surveys. (U)

Accordingly, a Special Agent from the FBI Laboratory left Washington in January, 1945, to survey the balance of the SIS offices in Latin America, as well as all American Embassies and Consulates in which we have representatives, with regard to the security of their telephonic installations. As of June 30, 1945, such surveys had been completed in Cuba, Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Colombia, Brazil, Uruguay, Paraguay, Bolivia, and Peru. This Special Agent will survey Bureau offices and Embassies in Ecuador, Venezuela, Dominican Republic, and Haiti before returning to the United States. In connection with the survey of the telephone installations in Montevideo, Uruguay, during June, 1945, this Special Agent also conducted a complete survey of the security of the Embassy in that city. At the time of the departure of the above Special Agent, we did not have a representative assigned to the American Embassy in Panama, and accordingly that city was omitted from his itinerary. Following the assignment of a Bureau Agent to Panama, a special request was received for a survey of the security of the telephones there and therefore an additional Special Agent from the FBI Laboratory has recently been dispatched to Panama to conduct this survey. (U)

The SIS office at Bogota, Colombia has also been authorized to conduct a complete survey of the security of the American Embassy in that city. (U)

III. [redacted]

During the fiscal year 1945, selection of personnel has been made for replacements for employees removed from [redacted] assignment and also a few additional Special Agents have been selected for operation in Latin America, for Europe and for the Philippine Islands. [redacted]

In the selection of personnel for [redacted] assignment strong consideration has been given to length of domestic field experience, and as far as has been feasible, Special Agents with at least three years domestic field experience have been selected for [redacted] assignment. As far as possible, the policy of selecting personnel only from volunteers has been continued. [redacted]

A program for the retraining of [redacted] Agents following approximately eighteen months continuous [redacted] assignment outside of the United States has been continued. These Special Agents have attended an [redacted] in-service school of three weeks duration and have been afforded an opportunity for conferences with supervisors at the Seat of Government regarding their work. In connection with the two regular [redacted] in-service schools held in January and in May, 1945, Police Liaison schools of one week's duration were also held. The Police Liaison schools began immediately upon the termination of the [redacted] in-service schools and were attended by those Special Agents who were serving as Police Liaison Agents in the [redacted] field, or who were to be held as a reserve for call as Police Liaison Agents at some future date. [redacted]

In order to be adequately prepared for the possibility that additional personnel would be needed for the European and Asiatic areas, specialized schools were inaugurated to specially train and brief Special Agent personnel for prospective assignment. The first Asiatic school was held for a period of seven weeks commencing September 18, 1944, with twelve trainees and was followed by the second Asiatic school held from January 15, to February 24, 1945, at which eighteen trainees attended. Also, from January 15, 1945, to February 24, 1945, a second European school was held at which twenty trainees attended. The Special Agents trained in the first European school during the previous fiscal year have been completely utilized on assignments. The personnel attending the Asiatic and European school were able to conduct a considerable amount of research, coordination and compilation of material concerning current topics so as to provide a single source readily available within the Bureau's files concerning topics of current interest. The personnel attending the Asiatic school were able to compile information forming a basis for the Japanese Monograph. [redacted]

A program of holding Quarterly Agents Conferences and Monthly Clerical Conferences in the [redacted] field has been continued. In August, 1944, and in March, 1945, training schools were held at the Seat of Government for clerical personnel which has been selected by the Administrative Division to be used as replacements for clerical personnel leaving [redacted] work, as well as for additional personnel needed by the [redacted] offices. In these schools the clerical personnel were given intensive training in all phases of [redacted] clerical work, general instructions regarding all phases of the [redacted] program and practical work in the Chief Clerk's office of the Washington Field Division.

In October, 1944, a Special Agent from the FBI Laboratory returned to the United States after having conducted security surveys in the American Embassies at Madrid, Spain, and Lisbon, Portugal, at the request of the State Department. The State Department was so pleased with the results of these surveys that they requested the further services of this Special Agent, and he left Washington in December, 1944, to survey State Department facilities in Berne, Switzerland. Completing this survey in May, 1945, he proceeded to Paris, France, to survey our newly reopened Embassy there. XU

An additional Special Agent from the FBI Laboratory was loaned to the State Department in April, 1945, for security surveys in Europe. This Agent has to date been making such surveys in the American Embassy in Stockholm, Sweden, and in American Consulates located in other Swedish cities. The State Department presently anticipates that following the completion of these surveys in the near future, he will proceed to Oslo, Norway and Copenhagen, Denmark for surveys of the Embassies in those cities, which Embassies have recently been reopened following the cessation of hostilities in Europe. XU

IV. COMMUNICATIONS AND TRANSPORTATION

During November, 1944, a Bureau radio station was established in the [illegible] office in the American Embassy at San Salvador, El Salvador. This made a total of eleven radio stations in the [illegible] network located at Havana, Cuba; San Jose, Costa Rica; San Salvador, El Salvador; Bogota, Colombia; Quito, Ecuador; Lima, Peru; La Paz, Bolivia; Asuncion, Paraguay; Rio de Janeiro, Brazil; Santiago, Chile; and Montevideo, Uruguay. By means of this radio network a total of 1,147,993 code groups was communicated during the year. The cost by cable for this traffic would have been $85,118.32. Cable communications are still used between the Bureau and those offices not having radio stations, through the facilities of the State Department. X U

The transmittal of mail by the use of envelopes of microfilm between the Bureau and Mexico which had been inaugurated as a test measure was discontinued during January, 1945, it having been ascertained that the difficulties involved in handling the completed photographs, the illegibility of such mail, and the extra work involved outweighed any advantages to be gained. All Bureau [illegible] mail continues to be sent by the diplomatic pouches of the State Department with the exception of that for our liaison representatives with the Army in Germany, France, Italy, and the Philippine Islands, which is handled by the Army. X U

In December, 1945, the Bureau in connection with the granting of authority for male employees on open FBI assignment to be accompanied by their families determined that the transportation of such families in connection with the transfers of the employees should be paid by the Bureau. No priorities are issued for the transportation of such families, but the Bureau assists them in the securing of passports and the arranging of transportation. X U

In connection with the authorization for families to accompany employees on FBI assignment, the Bureau also authorized the shipment of household goods and personal effects by employees in connection with transfers at Government expense. Such shipments are made in accordance with regulations established by Executive Order and are handled through the United States Dispatch Agent in New York City. X U

V. [redacted]

b7C
b7D

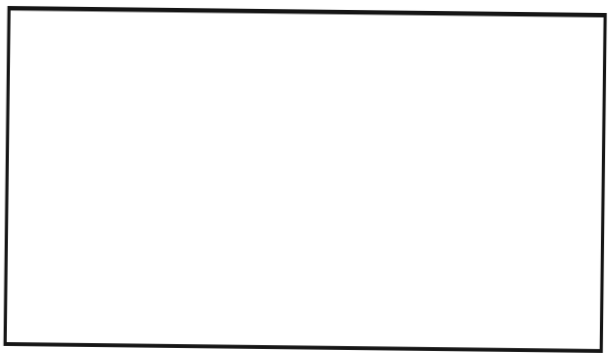
During the fiscal year 1945, numerous valuable confidential sources of information were developed by the New [redacted] Office, such as sources [redacted] These contacts were of great benefit to the Special Agent assigned to the New York [redacted] Office while at San Francisco for the United Nations Conference. The New York [redacted] Office also maintains contact with the President of [redacted] in order to handle problems arising in connection with the use of [redacted] &U

Close liaison is also maintained with the New York Office of the Office of Strategic Services. United States Employees' Compensation Commission matters for Bureau employees on FBI assignment are handled with that Commission in New York on a confidential basis by the New York [redacted] Office. &U

This office continues to represent the Bureau at the weekly Foreign Intelligence Conference in New York City attended by representatives of the Army, Navy, Office of Strategic Services, Office of Cable Censorship, Postal Censorship, and the Foreign Economic Administration. In numerous instances during the fiscal year, FBI contacts in New York City assisted in major investigations and furnished information in connection with vital security and National Defense matters. &U

VI. [redacted] AND OTHER COMPANIES (U)

During the past fiscal year, the following ten new cover companies were developed in connection with the [redacted] program: (U)



b7D
b7E

(U)

During the year, relationship with two cover companies was terminated, resulting in a total of eighty-three large American companies being available to the Bureau for use as covers in connection with [redacted] work. (U)

Also, during the year, preliminary surveys were made of the basic backgrounds of approximately twenty-five other large corporations with a view to approaching them at some future date for use as cover companies in connection with the Bureau's [redacted] program in the event additional cover companies might be necessary. (U)

~~SECRET~~

VII. [redacted]

A. [redacted]

Clay Case - Transmission of Sensitive Information by Microphotographic Dots

This case involves numerous agents in the Western Hemisphere whose center of activity is Mexico City and whose principal method of operation is the use of microphotographic dots in sending information to Germany. The principal emphasis in this case for the past year has been on attempts to bring it to a logical conclusion. After the Department stated prosecution would not be sought by the United States on the principal subjects who were active in Mexico City, a summary of the case was furnished to State, ONI, and G-2 with the suggestion that it be furnished to the Mexican authorities for appropriate action. The State Department agreed with this suggestion but G-2 and particularly ONI refused clearance to such action on the basis that publicity regarding decipherment of ciphers used in this case might cause the Germans to change their enciphering methods and thus seriously impair military operations against Germany. Thereafter, a revised summary omitting all reference to any codes or ciphers or information contained in codes or ciphers was prepared and furnished to State, ONI, and G-2. &U

After considerable delay and after the military collapse of Germany, ONI stated that if assurance could be obtained from the Mexican Government that no publicity would be given regarding codes or ciphers, they were agreeable to having the case furnished to the Mexican Government. It was pointed out to the Navy that the Bureau could not in any way control publicity issued by the Mexican Government but that the restrictions placed by ONI with regard to publicity were being pointed out to the State Department. Thereafter the State Department advised the Ambassador in Mexico of the situation. Up to the present time the Ambassador has taken no steps to turn the case over to the Mexican Government but has indicated to our Civil Attache that he desires to bring pressure to have the agents repatriated. If this occurs, they can be interrogated and possibly prosecuted. &U

After the collapse of Germany, indications were received that Georg Nicolaus, interned in the United States since 1942, might be willing to talk. Nicolaus formerly headed the ring in Mexico. He was extensively interviewed and furnished a great deal of valuable information. This information confirmed to a large extent the information previously obtained concerning the principal agents in Mexico and in addition identified several new agents, including a naturalized United States citizen, George Ulrich Wuppe, who is believed to be in Chicago. Nicolaus also revealed interesting connections with the Japanese intelligence in Mexico which may lead to the identification of Japanese agents. Up to the close of the war in Europe, twenty-two dot letters in the current series had been intercepted. Some of these dot letters were directed to agents in Buenos Aires, Argentina, and it was learned that thereafter important information in these letters was sent by courier or radio to Germany from Buenos Aires. Several agents in Argentina connected with this activity were identified. &U

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[redacted] developments and [redacted] of an informant at an [redacted] of Hans Hilgert, one of the principal agents in Mexico. This [redacted] a great deal about Hilgert's past [redacted] and the [redacted] sent by Hilgert on a mission into the United States. However, the [redacted] war in Europe caused Hilgert to change these plans. At the present time, no espionage activity on the part of any of the agents in Mexico is being observed. S U

[redacted] German Round-ups in Argentina S U

In August, 1944, the Argentine authorities again started rounding up German agents operating in that country and before the round-up was concluded it resulted in the apprehension of most of the important German agents still at large in the Western Hemisphere with the exception of those connected with the Ebeling Case. The Argentine authorities had staged a spectacular round-up of German agents in February, 1944, shortly after the American Embassy presented to the Argentine Government a memorandum on German espionage in that country based on information furnished by SIS. However, these round-ups were not at all conclusive, first because they did not include the most important agents and secondly, because many of those arrested were released within a short time. During the interim, SIS continued to furnish specific information to the State Department, showing the widespread German espionage activities in Argentina. This aided in maintaining the stiff attitude of the United States toward the Argentine Government. The August round-ups resulted in the arrests of over one hundred individuals, some of whom have since been released. However, at the present time, seventy-seven Nazi agents are in custody. Almost all of these arrested had been identified as agents or collaborators by SIS investigations. Information concerning a number of the agents had been made available to the Argentine Government by our Legal Attache in Buenos Aires through diplomatic channels. Included among those arrested was Gustav Ehringer, head of the Technical Section of the three German espionage rings operating in Argentina. Ehringer was responsible for all clandestine radio transmissions, the preparation and furnishing of secret inks, forged passports, enciphering machines, and other such technical equipment for the espionage ring. Johannes Siegfried Becker, SD chief for South America, escaped apprehension until April, 1945, at which time he was finally arrested in an apartment in Buenos Aires where he was living under an assumed name. S U

Equipment and money valued by the Argentine authorities at $819,849.80 Argentine pesos or over $300,000.00 United States, were seized during the round-ups. Also seized were seven fixed transmitting stations, ten semi-portable transmitters, thirty-two portable transmitters, eighteen short wave receivers and fourteen all wave receivers. Also three enciphering machines, machines for making and enlarging micrographs, furniture, typewriters, eight automobiles and a yacht. Information received concerning the interrogations of the arrested agents confirmed our previous information that Friedrich Wolff, former German Military Attache to Argentina, headed a group of agents operating for the Abwehr, Becker headed the SD agents and Juan Rudolfo Kurnish headed a third group which, while working under Becker, also reported to Germany upon the activities of all German agents operating in the country. S U

[redacted] in the round[redacted]ure Walter Burchhardt and Alfonso Chantrel[redacted] German agents [redacted], landed in Argentina by the notorious German [redacted] vessel, the Santa Eufemia, which vessel is also known to have landed agents in Brazil. It [redacted] that the Argentine [redacted] as late as July, 1944, offi[redacted] the importance of [redacted] engaged within the country. [redacted] the landing of the above [redacted] and the subsequent round-ups [redacted] tively proved the contention of the United States Government that the [redacted] considered Argentina as important to their plans and as the last stronghold for agents all over South America. XU

[redacted] Radio NDZ [redacted] Finally Silenced XU

One of the most important results of the roundup of German agents in Argentina beginning in 1944, was the final silencing of the so-called Clandestine radio NDZ circuit which had been running full blast since 1942, between Berlin and Argentina. The NDZ circuit consisted of numerous transmitters operating both in Berlin and Argentina, those in Argentina being under the direction of Hector Utzinger, mentioned above. The codes used on these transmissions are extremely intricate, being enciphered by electrically wired "enigma" machines. The FBI Laboratory was able to break the messages sent up to the latter part of 1943, and these decodes furnished invaluable information concerning the activities of the agents in Argentina, Bolivia, Uruguay, Paraguay, Brazil, and Chile, both in the espionage and political fields. FBI [redacted] in Montevideo, Uruguay, and Buenos Aires, Argentina, have recently secured technical data concerning the "enigma" machines and this data, together with continued research by the FBI Laboratory has resulted in a beginning of the breaking of [redacted] of messages sent after the latter part of 1943. The few messages [redacted] already been decoded, have indicated the possible existence of still another ring in Argentina headed by an individual called Viarion, whose identity is as yet unknown. XU

In March, 1945, signals were again heard from Germany in the NDZ circuit attempting to reestablish contact with Argentina. However, after a month these efforts were abandoned by the Germans. While it is believed that there are still some agents with transmitters at large in Argentina, the extensive efforts recently have so disorganized them that they have been unable to function. Since the collapse of Germany, no signals of any sort have been heard and it appears that no clandestine traffic in the NDZ circuit can be expected under the present situation. XU

The [redacted] Code
German [redacted] System between Argentina and Europe XU

For the [redacted] year until March, 1945, we have continued to obtain through a [redacted] in the Buenos Aires office copies of coded messages sent by German espionage agents by couriers on Spanish vessels to Europe. The double agent would receive these coded messages periodically, turn them over to the Legal Attache's office for photographing and thereafter give them to various established German couriers. Through this means we were able to identify a large number of couriers and also to verify that some of the information sent over

XU

HDZ and in dot letters to [redacted] were also dispatched by courier. Through the operation [redacted] we were also able to identify a number of German agents in Argentina, the most prominent of whom was Jose Valles. The codes are even more intricate than the HDZ codes and the Laboratory has not been able to break them as the "enigma" machines were also used for preparing these messages. However, negotiations with G-2 finally resulted in obtaining the decodes of some of the messages in letter codes. These decodes proved very valuable, leading to the identification of several new agents in Argentina and also revealing the extent, methods, and agents involved in smuggling strategic materials to Germany. Germans stopped using this system after March, 1945, and with the end of the war in Europe, the system became entirely dormant. We are now endeavoring to use [redacted] as a means of penetrating the Japanese espionage system for the purpose of forwarding to them deceptive information. b7C b7D

Identification of Georg Buecker as a Prominent Agent in Argentina

A direct result of obtaining decodes of some of the HDZ messages was the identification of Georg Buecker as a prominent German agent in Argentina. One of the decodes contained a long report signed "Drake," Drake related his activities upon his arrival in Brazil in 1941. By checking the travels of Drake as related in his report, with the travels of suspected Germans, it was found that Georg Buecker's travels coincided with Drake's. It was also found that Buecker has been engaged in smuggling strategic materials to Europe on behalf of the German Ministry of Economics, and that he was recruited and trained by the I/TL" Section of the Abwehr. However, he had not actively engaged in espionage, because he found other German agents were adequately handling espionage in Argentina and Brazil. However, he held himself in readiness for his espionage mission in the event other German agents were apprehended. Buecker was arrested in February, 1944, and subsequently released for reasons unknown. He is still under investigation in Argentina.

[redacted] - Double Agent Operation in Mexico

b7C b7D

In February, 1945, the Madrid Office was successful in recruiting [redacted] who had received training by the Germans for an espionage mission in Mexico. He assigned [redacted] the code name [redacted] furnished details of his training and turned over to us microdots given to him by the Germans containing his instructions and plans for building a radio transmitter. He also turned over a thousand dollars which had been given to him by the Germans with the promise of four thousand dollars additional on the completion of his first successful radio transmission. He was also promised an additional five thousand dollars at the end of six months. [redacted] proceeded to Mexico and the Bureau set up a transmitter at Brownsville, Texas, to communicate with the Germans in Spain. However, efforts throughout the month of June to establish contact with the Germans were to no avail, the military collapse in Germany apparently having disrupted the plans of the Germans in this case. [redacted] is still in Mexico under our control for the possibility the Germans may attempt to contact him by other means.

~~Rule Caps - Apprehension of [illegible]~~ (U)

~~Lewis W. Bischoff, et al.~~

Hermann Heinrich Baldhuhn, who was arrested in Bogota, Colombia, and deported to the United States in the early part of 1944, gave a complete confession and identified Waldemar Ottmer, a naturalized United States citizen, as a German agent with whom he had received radio training in Bremen, Germany. Based on this information, Ottmer was arrested and confessed that he had been trained as an espionage agent, had sent approximately thirty-five secret writing letters to Europe and had attempted to set up a radio transmitter in the United States but had failed. He pleaded guilty before the Federal District Judge in Norfolk, Virginia, in July, 1944, and was sentenced to twenty years in the penitentiary. (U)

Investigation in this case also led indirectly to the arrests of Simon Kendal and his daughter, Hilda, in New York City. In checking back records of Ludwig Bischoff, Fresno, California, who formerly resided in Dallas, to trace payments Bischoff had sent to Baltimore, it was found that he had also sent similar payments to Kendal in New York. These payments were made at the direction of his cousin, Johannes Bischoff, in Bremen. Ludwig claimed that he did not know the true purpose of the money. There is a secret indictment outstanding against Ludwig. The Kendals' were arrested and indicted for espionage and are presently awaiting trial. Johannes Bischoff was apprehended in Germany and is presently being extensively interrogated in England and he will probably be brought to the United States for questioning. He denies his cousin, Ludwig Bischoff, has guilty knowledge. (U)

b7C

b7D

[redacted] (U)

[redacted] (U)

~~SECRET~~

Apfel German Sabotage Organization

The office of the Legal Attache at Santiago, Chile, has made continued efforts to have appropriate investigation of sabotage activities undertaken in Chile by Chilean authorities. In this connection the Legal Attache in Chile has during the past several years supplied the Office of Investigations in Chile with detailed information concerning the activities of Albert Julius von Appen, who was identified as a German sabotage leader through an analysis of the FYL Radio intercepts and through investigation by Bureau representatives in Chile. The Chilean Government, however, was reluctant to apprehend and question Von Appen and he was allowed to remain merely in relegation near Valparaiso, Chile.

However, with the recent shipping disasters of the Chilean naval training vessel "Lautaro" and the "Imposha," Chilean authorities decided to press investigation of possible sabotage activities.

On the basis of information furnished by the Legal Attache in Santiago, the Chilean Investigations Service arrested and vigorously questioned the German citizen, Albert von Appen, an official of the Hamburg-American Line and who had been identified by the Bureau as the German sabotage leader "Apfel." After extensive questioning by Chilean authorities, in cooperation with representatives of the Office of the Legal Attache, Von Appen admitted that he was a German sabotage leader and confessed other facts substantiating the existence of a vast German sabotage organization in South America. Von Appen stated that as "Apfel" he was the sabotage chief for the countries of Chile, Peru, and Argentina. He stated that he had been recruited in 1935 by Joachim Rudloff, a German Army official connected with Abwehr II, and that he had been contacted in South America by Captain Dietrich Niebuhr, the notorious German espionage leader and former Naval Attache at Buenos Aires, Argentina. Von Appen stated that his associate in Peru was Kurt Hauer, and his principal associate in Argentina was Wilhelm Lange, of the Delfino Shipping organization. Hauer has been repatriated to Germany but Lange is being held by Argentine authorities.

Other confessions of Von Appen indicated that another sabotage associate was Hugo Dreher, who was also resident in Chile as head of the Albingia Insurance Organization. Further statements by Von Appen and Dreher confirmed previous identifications of the Bureau as to sabotage agent activity in other South American countries. As a consequence of these statements in Chile as to German sabotage agents in other nations, the Office of the Legal Attache at Rio de Janeiro in cooperation with Brazilian authorities was able to effect the arrest of five sabotage agents who confessed as to their activities. The principal leader in Brazil and for the northern countries is Dr. Georg Blass and associated with him were Hans Otto Meier, Walter Augustin, Karl Otto Bohl, and Albert Thiele. Investigation in Brazil by the Legal Attache indicated that an attempt had been made to sabotage the hydroelectric power plant at Cubatao near Sao Paulo, Brazil, but that this had been unsuccessful. It also appeared that efforts had been made to sabotage various English ships in Brazilian ports.

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As a result of the confessions obtained in Chile and in Brazil, it was determined that [redacted] Reggenass of [redacted], Venezuela, was the sabotage leader for that Republic and through investigation in Venezuela by the office of the Legal Attache, in collaboration with police authorities, it was determined that a [redacted] sabotage organization had been established to plan sabotage against shipping and petroleum installations important to the war effort. The investigation in Venezuela culminated in the apprehension of ten sabotage agents who confessed to their participation in this German sabotage group. These individuals are at present interned in Venezuela. XU

Similarly as a result of the confession of the sabotage agents, investigation in Colombia by the office of the Legal Attache along with the Colombian authorities resulted in the apprehension of four sabotage agents. These individuals are presently being held in Colombia and it is expected that appropriate action will be taken against them by Colombian authorities. These investigations also confirm the identification which the [redacted] had made previously of Oscar Pennagen, as a sabotage leader in Colombia. Pennagen was identified as a sabotage leader through a study of the PYL intercepts and through investigations but although he has been interned in the United States several years, he has thus far not admitted his identity with this organization. He is again being questioned however, and when confronted with the statements of his colleagues, it is believed that he will admit his part in this sabotage organization. XU

All of these sabotage agents have denied that they actually engaged in sabotage although they admit making plans for the damage of Allied shipping. They admit experimenting in the composition of explosives and admit experimenting with various explosive bomb devices. They were supplied with adequate funds by the German government but as a result of the vigilance of representatives in South America, effective sabotage by this large group was prevented. XU

SIS Work in the Gimpel-Colepaugh Case

When [redacted] Gimpel and William Curtis Colepaugh, German agents, landed in the United States by submarine in December, 1944, it was found that Gimpel at one time had lived in Lima, Peru and had been repatriated to Germany from that place in 1942. Colepaugh was taken into custody but Gimpel's whereabouts was unknown and very little data was available in the United States concerning him. The Legal Attache's office in Lima immediately began working day and night to secure all pertinent data concerning Gimpel, including his fingerprints, photograph and description, in order to aid in his apprehension. Gimpel had left Peru before the office had been set up there and for that reason very little information concerning him had been obtained other than the fact that he was a known Nazi, a trained radio operator, and a suspected agent. XU

The Lima Office secured very detailed data concerning Gimpel's past activities, obtained his photograph, handwriting specimens, and full XU

description with [illegible] this material to the United States. Fortunately, however, Gimpel was apprehended at [illegible] the same time this material reached the United States. FBI

Complete Coverage Effected in Latin America on Three [illegible] Agents Scheduled to Enter the Western Hemisphere FBI

Out of the Gimpel-Colepaugh case mentioned above there arose an intensive investigation to locate [illegible] three other espionage agents described by Gimpel and Colepaugh as being scheduled to come to the Western Hemisphere on an espionage mission similar to theirs. These agents were Max Otto Wilms, Max Schoenmann, and Hans Fuehlsdorff. It was known that Fuehlsdorff was scheduled to go to Venezuela and it was believed that Schoenmann was scheduled to eventually make his way to the United States after entry into Colombia where he had lived for a considerable period of time. Wilms had previously lived in Nicaragua. Considerable data was available on all three agents from their previous residence in the Western Hemisphere. This data revealed that they were all confirmed Nazis and that Wilms probably had been active as an agent before his repatriation in 1942. FBI

All FBI offices were issued wanted notices, descriptive fliers, and fingerprints of the three men and in each country complete coverage of ports, customs, immigration stations and police fingerprint files were effected by the full cooperation of the police authorities in the Latin American countries. In almost every Latin American country newspaper articles containing descriptions and full details concerning these individuals were issued. The response of the Latin American police departments in effecting coverage for the possible entry of these three agents was very gratifying and their cooperation wholeheartedly. It is believed that had any of the three agents made their way to Latin America they would have been apprehended within a short time. However, it has now been almost definitely determined that the Germans gave up their plans to send these three agents out when they received word of the full publicity that had been given to their proposed missions by the Bureau. FBI

Investigation to Locate Possible Japanese Espionage Agents in California and Panama FBI

The interview of Georg Nicolaus during May, 1945 resulted in obtaining information which may lead to the identification of Japanese agents in California and Panama. Nicolaus, formerly a leader of German espionage in Mexico who has been interned in the United States since 1942, previously had refused to give any information. Nicolaus stated that shortly after Pearl Harbor Hugo Hatum, attached to the German Legation in Mexico City, put him in touch with the Japanese Naval Attache Kyoho Hamanaka who desired that Nicolaus furnish information the Naval Attache had obtained to Berlin for forwarding to Tokyo. Hamanaka told Nicolaus that he had an agent in California and another in Colon, Panama. He turned over to Nicolaus espionage data pertaining to troop and ship movements from California and to ship movements through the Panama Canal, which data was sent by microscopic dots to Berlin with the request that it be forwarded to Tokyo. FBI

Later contact between Nicolaus and Hermann were made through an intermediary, a Mexican girl friend of Hermann. Nicolaus stated that Hermann did not furnish him with the identities of his agents but that he believed this former girl friend was aware of their identities. Investigation in Mexico has determined that a former girl friend of Hermann, [redacted] whose description corresponds to that given by Nicolaus, formerly resided in Mexico City but is believed to be residing in [redacted], Mexico. XU

German Agent Instructed to Work with the Japanese Agents in Mexico XU

Recently information was received from the interrogation of Joseph Hermann who was captured in Germany that he was scheduled to go to Mexico in 1943 and get in touch with Japanese agents there. Hermann had operated as an espionage agent in Mexico in collaboration with Georg Nicolaus from 1940 to 1942 at which time he was apprehended. He stated that during 1944 plans were made for him to return to Mexico where he was to get in touch with a Japanese named Matsuchita connected with the Portuguese Legation. The Japanese is probably Ricardo T. Matsuita, a Japanese who is connected with the Portuguese Legation in Mexico City looking after Japanese interests. He has long been suspected as a German agent. Through this individual Hermann was to get in touch with Manfredo Sutton, alias Durango, and Colonel Nishi, alias Nick. Sutton is a renegade American citizen who is known to have been closely affiliated with the Japanese and a suspected Japanese agent. He made a trip to Japan in 1940 under the auspices of the Japanese Legation in Mexico. Colonel Nishi, alias Nick, is probably Colonel Yoshioka Nishi, formerly the Japanese Military Attache in Mexico who was repatriated to Japan. The information furnished by Hermann would tend to indicate that Nishi was in Mexico during 1944. This could be true only if Nishi has returned to Mexico clandestinely. Surveillances of Sutton and Matsuita had been effected to determine their activities. XU

Jail Sentences for FQZ Radio Ring in Chile XU

In the early part of 1944 the Chilean Government rounded up some fifty-eight individuals in connection with the operation of the German clandestine radio transmitter FQZ. This rounding was a result of information furnished by SIS concerning the principals operating FQZ. During the part year hearings were held and reportedly Judge Luis Baquedano of the Chilean Supreme Court personally pronounced conviction and sentences for twenty-six persons [redacted] espionage. The maximum sentence given was seven years for [redacted]. In addition to those receiving sentences in Chile, deportation of [redacted] United States of Guillermo Niemann, one of the leaders, was effected. He was thereafter interned in the United States and extensively interrogated, thus adding to our information concerning the German intelligence. XU

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Juan Alberto [redacted] Trabal, Montevideo, Uruguay XU

On November 7, 1943 [redacted] Trabal was arrested by Maritime Police of Montevideo while disembarking from a night boat from Buenos Aires. He was found carrying considerable Axis propaganda and two letters indicating the existence of an espionage organization operating between Argentina and Uruguay. Trabal's arrest was reflected in MIX intercepts, thus definitely connecting him with the German espionage system in Argentina. Trabal, 28 years old, son of a prominent retired Uruguayan General, Celestino C. Rove, was released from custody August 30, 1944, on the moral undertaking of his father. XU

As a result of investigation conducted by the Legal Attache at Montevideo, together with additional data received by Uruguayan Federal Judge, Julio Cesar de Gregorio, some eighteen subjects including Trabal and others were taken into custody on January 5, 1945. From signed statements obtained, it was determined that the Trabal ring in Montevideo was merely a branch organization of that headed by Juan Siegfried Becker, notorious imprisoned espionage agent in Buenos Aires. XU

Brazilian Integralist exiles, Nestor Castreiras Rodrigues and Raimundo Barbosa Lima, were ascertained as being connected with the case although after being arrested by the Montevideo Police, they were shortly thereafter set at liberty. One of the subjects, Luis Dreher Hausemann, admitted that a deceased member of the ring, Juan Pfeffer, sent to the well-known agent, Juan Eduardo Luis Mueller in Buenos Aires, information concerning ship movements, construction of military bases in Uruguay and import and export data. Further, it was discovered that it was Mueller who had given Trabal a Leica camera to be used by Pfeffer for microphotography. Rodolfo Martinez Zubia, radio operator of the CAUSA Airlines, admitted having been active as a courier between Buenos Aires and Montevideo for Trabal's ring. XU

Buenos Aires and Montevideo Police authorities freely exchanged information in this case and through the efforts of the Legal Attache, a considerable amount of material was obtained from the Montevideo authorities including photographs of some ninety-two German agents and photographs of clandestine radio equipment and an enciphering machine. In addition, statements of principal subjects involved were likewise secured. Further, detailed background information was forwarded the Bureau concerning two submarine-borne German agents landed in Argentina in July, 1944, named Walter Burckhardt, German, thirty-four years of age, electrical engineer, and Alfonso Chatrain, citizen of Luxemburg, age 34 years. Through reports from London, England, it has been determined, however, that Chatrain and Burckhardt actually were brought to the shores of Argentina via a sailing vessel, which had previously served in landing two espionage agents on the coast of Brazil in 1943 and likewise German agents on the western coast of Africa. XU

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Fritz Arthur [illegible], alias "Union" (S/U)

A [illegible] agent using the [illegible] name "Union" furnished a considerable number of reports from Montevideo to German principals abroad and supplied ship movement information to Federico Kempter, Chief of the former radio ring, LIB-XAL, which operated at Rio de Janeiro up to March, 1942. Kempter, convicted of espionage by the Brazilian Tribunal of National Security, steadfastly refused to give any clarifying details as to the identity of "Union" and the Bureau for the past three years has been intensely interested in ascertaining "Union's" whereabouts. From decoded intercepts, it was learned "Union" was probably connected with the person named Horacio Camejo Assi, inasmuch as mail had been received by him from Rio de Janeiro for A. Anacleto Rocco, an alias adopted by Rabe. (S/U)

Upon the receipt of considerable information from the Office of the Legal Attache, the Montevideo authorities on April 4, 1945, arrested numerous individuals including Fritz Rabe and Horacio Camejo Assi. Upon interrogation, Rabe broke down and admitted that he was identical with "Union." He likewise definitely implicated Assi. During Rabe's interrogation, the Legal Attache at Rio de Janeiro instituted interrogation of Kempter who explained in some detail the mechanics of a code system employed in communications exchanged between him and Rabe. Kempter further remarked that his Montevideo correspondent, Rabe, also acted as the Montevideo agent for Georg Konrad Friedrich Klaus, confessed Brazilian sabotage agent. The Bureau has been furnished the code books and techniques adopted by Rabe and Kempter in exchanging ship movement information, and it is expected that the case against Rabe and Assi will be shortly brought to trial, including well-documented material furnished by the Legal Attache and the Police at Rio de Janeiro. (S/U)

SECRET

B. Safehaven Project (U)

In the latter part of 1944 (with the impending termination of the European War) the State Department and Foreign Economic Administration became vitally interested in ascertaining and identifying any transfers of German capital outside of Germany. Also considerable interest was evinced with reference to the identification and cataloging of all German technicians, thereby they might, who might become instrumental at a future time in assisting the German Government to prepare itself for a possible third world war. (U)

On November 8, 1944, all SIS offices in Latin America, with the exception of Madrid Offices, were requested to conduct a survey of German capital in their respective countries for the purpose of identifying the owners, location, value and present status of property and wealth: (1) as of 1939, and (2) as of the present time, with due regard being given to the steps taken by the various Latin American countries to expropriate, vest, confiscate or otherwise control this wealth. This survey, which encompassed industrial facilities, necessarily included information concerning Axis technicians and scientists who might attempt to flee to Latin America. (U)

Reports based on this survey have been distributed to the State Department, FEA, ONI and G-2, as appropriate. It is contemplated that the material received in this survey will be incorporated into a monograph for purposes of distribution to interested governmental agencies.

On February 7, 1945, the State Department requested the Bureau to lend its assistance in the carrying out of the so-called Safehaven project and advised that a coordinating official was being appointed in each mission for the purpose of coordinating the activities and preventing a duplication of effort on the part of the intelligence agencies concerned. (U)

In view of the accounting investigations required in connection with the carrying out of the Safehaven project, requests were made by the State Department for the assignment of Special Agent Accountants to Bogota, Colombia, and Buenos Aires, Argentina. An accountant was sent to Bogota about March 1 and another accountant was dispatched to Buenos Aires about May 1. (U)

The Foreign Economic Administration also has called upon the Bureau to assist in this program and all reports received in this connection are being currently furnished to the State Department, FEA, ONI and G-2 as appropriate. According to Herbert Cummings of the State Department, thousands of tons of records have been recovered in Germany which should provide considerable material pertinent for this project, and the State Department has attempted to obtain the services of 300 investigators to send to Europe to review these records. (U)

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On June 14, 1945, Barton E. Bradford, State Department representative, left Washington to visit Rio de Janeiro, Montevideo, Buenos Aires, Lima, and Bogota for the purpose of ascertaining and studying each mission's fact-finding facilities and related personnel matters in connection with the Safehaven Project being undertaken by the respective missions. The Legal Attache at Buenos Aires advised that the Office of the Legal Attache would be called upon by the Safehaven section to conduct specific investigations which may necessitate the Bureau sending two additional accountants to Buenos Aires. X U

The Bureau has undertaken numerous investigations in Latin America based upon newspaper accounts, magazine articles and postal intercepts which alleged that various top ranking Nazis were escaping to Argentina or had invested money in Argentina. Investigation to date has failed to disclose that the Germans have attempted to transfer their funds to Latin America for the purpose of seeking a safe haven, nor has any information been developed that Nazi technicians or officials have escaped to Latin America. X U

Several of the newspaper accounts and magazine articles were traced back to the ostensible clandestine radio transmitter "Radio Station Atlantic", also known as "Deutsche Soldatensender Station," which presumably operated from points within Germany. Through the offices of the Legal Attaches at Lisbon and London, it was ascertained that "Radio Station Atlantic" was being operated by a highly-guarded, secret group within the British Government, which transmitted information from this station for the purpose of demoralizing the German Reich. X U

Inasmuch as articles based on "Radio Station Atlantic" transmissions caused numerous unnecessary investigations, the State Department protested to the British Foreign Ministry which advised that the nature of the station was explained to the Office of Strategic Services and it was concluded, therefore, that that organization would notify the appropriate intelligencies of the United States Government. Such information has never been furnished the Bureau by OSS. X U

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C. Expulsions, Internments and Repatriation

Internment, deportation and repatriation programs effected by the several Latin American republics reached their peak effectiveness prior to July 1, 1944. As a result, there was a noticeable decline in activity along this line during the past fiscal year, which was apparently attributable to the fact that the various interested governments felt that Axis activities were no longer a threat to their security and that sufficient measures had already been undertaken to bring them under control. Bureau statistics compiled at the Seat of Government reflect that during the period July 1, 1 44 to July 1, 1945, 24 enemy aliens were interned or relegated locally; 65 enemy aliens were deported or expelled; no aliens were moved from strategic areas, nor were there any natives of the countries concerned interned or relegated. S U

With the collapse of Germany, several prominent Latin American governments instituted a wholesale release of interned enemy nationals who up to that time had been held in custody as being dangerous to the security and welfare of the state. S U

At the present time the Bureau is compiling brief pertinent information concerning pro-Nazi individuals who were repatriated to Germany from Latin America since December 7, 1941. This information will be turned over to Bureau representatives in Germany and will likewise serve United States authorities charged with the supervision of postwar Germany, as well as interested officials in the State Department. Further, it is contemplated that certain German nationals expelled from South America and interned in the United States will be repatriated to Germany. In this connection the State Department, as well as SHAEF, have requested information obtained from the screening of these individuals in the United States. All records are being reviewed and information against those nationals considered to be dangerous is being compiled for submission to those agencies. In addition, the Bureau's help has been sought by United States Ambassadors in South America concerning data affecting the expulsion and subsequent repatriation of Germans who still remain in the Western Hemisphere. United States embassies have received instructions from the State Department requesting them to prepare a list of Germans to be sent to Germany in the event the outlined program becomes practicable, using as a basis for this list (1) a list of dangerous Germans approved for internment by representatives of the Department of Justice Alien Enemy Control Unit, and (2) records of the Proclaimed List Sections of the embassies. It is contemplated that this compilation will include all known German agents, propagandists, scientifically skilled persons, and individuals qualified to hold superior executive posts, together with all other German nationals who sought repatriation during hostilities. S U

Brazil S U

According to statistics obtained by the Bureau's Liaison Agent at Rio de Janeiro from the Rio Police Department on May 3, 1945, 145 individuals who had either been absolved by the Tribunal of National S U

Security of charges of violations of war-time statutes, or who were interned as a Security measure, were still in custody at various penal institutions of the Federal District. Between December 1, 1944 and May 3, 1945, 114 of these individuals were released. Of that number 29 were crew members of the German vessel "Montevideo", 8 were crew members of the Yugoslav vessel "Slega", and 8 were crew members of various Italian vessels who had deserted ship at Brasilian ports. Responsible police authorities have stated that the policy which has been established by the new Chief of Police, Jano Alberto, is that all persons who were under confinement in the Federal District as a war-time measure and who had not been convicted and sentenced by the Tribunal of National Security will be placed at liberty, even though many of them have overstayed their residence permits and are subject of expulsion proceedings. These proceedings have been reported as being placed in an inactive status pending a decision from higher authorities (such as the President, Minister of Foreign Affairs, or Minister of Justice). As each of these individuals has been released from prison, he has been provided with a provisional identification document in substitution for a passport. $U

Chile $U

A German sabotage network encompassing practically all of South America and discovered to have been organized by the Abwehr II branch of the German High Command became the subject of intensive Bureau inquiry in March, 1945 upon the discovery of sabotage agents in Chile, Brasil, Argentina, Peru, Venezuela and Colombia. Several of the sabotage agents in Chile, such as Albert von Appen, Boris Dreher, and Heinrich Hellbauer (Von Appen's aide in preparing explosive materials), were, through government decree, expelled and interned in the United States in May, 1945. They have been classified as dangerous aliens and will be repatriated to Germany. $U

The ten sabotage agents who have confessed to their participation in this organization in Venezuela are now interned in the town of Rubio, Venezuela, inasmuch as Venezuelan authorities are of the opinion that there are no existing statutes covering their illegal activities so that they may be prosecuted. As a result, an executive decree ordered their internment. $U

Four confessed agents in Colombia are presently being held in internment, although no definite action has been taken against them for their participation in the activities of the sabotage organization. $U

In June, 1945, the Chilean Government decreed the expulsion of the prominent German national Auguste Siebrecht to the United States. Siebrecht, whose activities have been of considerable interest to the Bureau, was head of the Chilean organization of the German A.E.G. Electrical Company. As a Nazi, Siebrecht cooperated with some of the worst German elements in Chile and in view of his prominent economic $U

position was able to maintain sufficiently strong political contacts to prevent any action being taken against him. At present he is at Fort Stanton, New Mexico and is to be interrogated by Bureau representatives in an endeavor to secure explanatory data with respect to German economic penetration in South America. S U

One of the most active German espionage groups discovered in Chile was the organization of Ana Frademkamp de Hellemann and Albrecht Heise. Ana's husband, Guillermo, who was party to his wife's activities, was deported to the United States in the fall of 1944 and interned at Gloucester City, New Jersey. S U

Colombia S U

In November, 1944, the Colombian National Police, having previously interned some 178 individuals considered dangerous enemy aliens, demonstrated to the Legal Attache in Colombia considerable interest in the cases of some 37 additional candidates for internment. However, no definite action has been reported taken by the police in this regard. S U

Cuba S U

In May, 1945, shortly after the termination of hostilities in Europe, the Cuban Government released numerous German internees who had previously been relegated to the Isle of Pines off the south shore of Cuba, where the Cuban Government maintained a modern, well-run internment camp. Many of these internees had been incarcerated at the specific request of American authorities and their upkeep had been paid by the American Embassy in Havana, but the Cuban Ministry of Defense did not deem it necessary to consult American officials concerning the releases effected. Subsequently, the Cuban Ministry of Defense released additional internees until at present there are only a few German nationals left on the isle. The S.I.A.E. Division of the Cuban National Police, which had primary responsibility for the internal security of the country, was not consulted in the matter and evidence has been received that high Cuban officials have enriched themselves through money extorted from the internees in exchange for their freedom. The head of the Cuban National Police has issued a basic statement that all dangerous German nationals will be under surveillance. No credence is given to this statement, however, inasmuch as the police have taken no security measures whatsoever regarding the former internees, some of whom are already reportedly active in organizing an anti-Semitic campaign in Havana. S U

Ecuador S U

Through efforts of the Legal Attache at Quito, Leopoldo Adolfo Brauer (Cohin), prominent German who went to Germany in 1939 and thereafter returned to Ecuador where he was active as a member of Hitler Youth and the Nazi Party, was arrested on August 24, 1944. He was thereafter turned S U

over to United States Army authorities who transported him to Panama via Army Transport planes for subsequent internment in the United States. X U

Mexico X U

The Mexican Government released all German nationals on May 31, 1945 who were interned in that country because they had been considered dan erous to the security of the state. These individuals totaled 195, all of whom were relegated to a fortress in Perote, Veracruz, Mexico. ost of them were German sailors and officers of German ships, which were interned by the Mexican Government in the early days of the war. Upon their release each was given 1,000 pesos (approximately $206.00) as a fund to be used for living expenses until they might satisfactorily establish themselves in Mexico. There have been no indications that any of these Germans will be required to return to Germany and information concerning them indicates that few, if any, will return there f their own volition when travel conditions permit. X U

As a result of the repatriation program carried on by the United States State Department, there were repatriated from Mexico to Germany in December, 1944 a group of 102 German nationals, many of whom were women and children, aged and infirm, who were considered less dangerous in Germany than in the Western Hemisphere. Some of those who applied for repatriation were not allowed to return, as a result of information furnished by the Bureau. Those not permitted to go back were deemed more dangerous to the United Nations war effort because of the particular information they had access to as a result of their close contact with members of an active espionage ring in Mexico. X U

Paraguay X U

Based primarily upon information furnished by the Office of the Legal Attache at Asuncion, the Paraguayan Government, after two and one-half years of dilatory reluctance, finally took affirmative action with reference to the deportation of eight German nationals considered dangerous to the security of Paraguay. These nationals, all of whom were members of the Nazi Party or its affiliates, together with their families, were scheduled to proceed from Asuncion to Recife, Brazil via two United States Army transport planes at the close of June, 1945 for subsequent internment in the United States and ultimate repatriation to Germany. X U

Peru X U

Peru has carried on in the past a rather extensive program of expulsion of German and Japanese nationals. She recently deported for internment in this country ...ster Michaelsen, Charles N. Spocht and X U

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Carlos Yshotaro Matsuda. Michaelsen, a Nazi, was active in propaganda and commercial activities, while Specht was involved in an attempt to forge documents of United States Rubber Reserve. Matsuda, a fanatical member of the Japanese colony, endeavored to use his political influence to avoid deportation. It is expected that these three individuals will be ultimately repatriated to their native lands. EU

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D. Smuggling

In view of the Bureau being charged with general intelligence coverage in Latin America, numerous investigations have been conducted in connection with the smuggling of strategic materials to the Axis powers and to Argentina. These investigations which involved primarily platinum, diamonds and rubber, were of particular interest to the FBA, ONI and G-2, and information developed was distributed to these agencies as well as the State Department. SU

Upon the termination of hostilities in Europe the Bureau contacted proper authorities of the Foreign Economic Administration, War, and Navy Departments to ascertain their desires with reference to the continued investigation of smuggling activities in Latin America. The Navy Department advised that it desired to continue to receive reports based upon investigation of the smuggling of strategic materials from Latin America to the Axis powers. The War Department advised that despite the fall of Germany it was still interested in the smuggling of strategic materials to Argentina, since the existence of this activity would tend to indicate the intention of Argentina towards waging war against other countries in the Western Hemisphere. The FEA informed that it was interested more than before with reference to the smuggling of commodities to Argentina. The consensus of opinion was that there was little likelihood of materials being smuggled to Japan. All Legal Attaches have been apprised of the interest of these agencies and have been instructed to continue to conduct investigations accordingly. SU

Platinum Smuggling SU

Platinum, which is used as a catalyst for the manufacture of nitric acid and in connection with electrical equipment, is found in considerable quantity in the Choco district of Colombia. While the Colombian Government has attempted to control the traffic of platinum of that country, its efforts have not always been effective. SU

In view of the large quantities of platinum which were being smuggled out of Colombia, obviously with Germany the ultimate destination, the American Ambassador to Colombia in April, 1944, requested through the State Department that four additional Bureau agents be dispatched to Colombia to carry on concentrated investigation of platinum smuggling in Colombia with a view toward stamping out this activity. Through the efforts of these agents it is believed that all individuals engaged in platinum contraband activities in Colombia have been identified. Also, as a result of information developed, the American Ambassador was able to present evidence to the Colombian Government which resulted in four aliens being designated for deportation, four aliens being declared persona non grata, and denaturalization proceedings being initiated against a naturalized Colombian. Furthermore, because of information furnished the Colombian SU

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Government, a Presidential Decree was promulgated, which established a more rigid control of platinum production and traffic. (S U)

As a result of the investigation of one particular case, approximately one-hundred pounds of contraband platinum were accounted for and over eight pounds of platinum with a black market value of approximately $9,000 were recovered. Due to the satisfactory progress of the war, these four agents were recalled from Colombia in October, 1944. (S U)

Typical of the results of Bureau investigations in Colombia is the case of [redacted] who together with two female accomplices was apprehended in Peru in the latter part of June, 1944, as a result of information furnished the Peruvian officials by SIB representatives. (S U) b7C

At that time [redacted] gave a signed statement in which he admitted smuggling diamonds from Brazil to Colombia in August, 1943 and using the proceeds of the sale to purchase 10 pounds of contraband platinum which he transferred to Rio de Janeiro, Brazil where the commodity was sold to [redacted]. He also admitted having transported 45 pounds of platinum to Brazil in February, 1944, with the assistance of Inez Martinez, one of the individuals with whom [redacted] was arrested, and [redacted], a Colombian diplomat who lost his diplomatic status because of his complicity in this activity. (S U) b7C

Another interesting and exemplary smuggling case was that in which the SIB representatives in Ecuador obtained some fourteen kilos (30.8 pounds) of platinum through a ruse from [redacted] and Ecuadoran national, which was believed to have been smuggled from Colombia to Ecuador during the months of June, July and August of 1944. The black market value of this platinum was approximately $55,000. in United States currency. (S U) b7C

It was ascertained that [redacted] had entered into a contract with [redacted] an Ecuadoran, who presumably was acting for unknown German firms in Buenos Aires, Argentina, whereby [redacted] was to furnish [redacted] with 22 pounds of platinum. With the knowledge of the SIB representative, [redacted] was permitted to sell five kilograms of platinum to [redacted] for thirty-six thousand Argentine pesos ($9,000. U. S.) and a check for fourteen thousand Argentine pesos ($3,500. U. S.) in payment thereof. Prior to [redacted] departure from Ecuador, he was arrested upon authority of the Ecuadoran government and upon interrogation admitted having had previous dealings in contraband platinum. (S U) b7C

Arrangements were made whereby the Foreign Economic Administration was permitted to negotiate for the purchase of the fourteen kilos (30.8 pounds) of platinum in order that the United States would obtain the benefit of the platinum while depriving the Axis powers of this commodity. (S U)

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Diamond Smuggling (U)

It has been estimated that Germany needed 500,000 carats of diamonds per year to maintain her war industries. This commodity is a necessary component of high precision tools and certain types of drilling equipment. It has been estimated that Latin America produces approximately 5% of the world's production of diamonds, with Brazil having an estimated annual output of 400,000 carats and French Guiana and Venezuela furnishing some 40,000 carats yearly. Due to the Allied control of nearly all diamond mining sources it was felt that the Germans would be compelled to rely heavily on the production of Latin America. While the Brazilian and Venezuelan governments have attempted to exercise control of this commodity, efforts have not been too successful and smuggling of diamonds has taken place. (U)

Antonio Prio Socarras, an employee of the Spanish Banco Celata, Havana, Cuba, and brother of a Cuban Senator, advised a Bureau informant that 25,000 to 30,000 carats of industrial diamonds have been smuggled from the United States into Mexico and that he had contacts in that country to secure large quantities of this gem. The source of diamonds in the United States was said to have been workers in defense factories who stole the industrial diamonds and sold them in the black market. Prio offered to secure 2,000 carats in Mexico and indicated that the courier operating for him might possibly be the Dominican diplomat Herman Henriquez Urena who was attached to the Dominican Mission in Mexico City. (U)

Surveillance of Urena has been conducted and in the latter part of November, 1944, he came to the United States from Mexico, at which time it was believed that he would obtain diamonds to smuggle to Mexico upon his return to that country. Authorities of the Dominican Republic advised the State Department that Urena's trip to the United States was for personal reasons only and, in view of this information, the State Department suggested that the Bureau search Urena upon his departure from the United States. The activities of Urena have been followed by the Washington and New York Field Divisions and arrangements were made with border offices whereby a search would be instituted upon his departure from the United States. He has not yet departed for Mexico. (U)

b7C

[redacted] who is discussed under platinum smuggling above was apprehended on June 19, 1944, as a result of information furnished the Peruvian authorities by the 313 representatives. At that time Farias furnished a signed statement in which he admitted smuggling diamonds from Brazil to Colombia in August, 1943, and using the proceeds of the sale to purchase 10 pounds of contraband platinum which he smuggled into Brazil. (U)

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Rubber Smuggling (U)

Due to the lack of rubber sources in Argentina coupled with the program of the United States Government in purchasing exportable surpluses of rubber from Latin American countries, the Argentine nation was severely handicapped by a rubber shortage which resulted in a scarcity of tires for private automobiles and a general breakdown of bus transportation facilities. This caused the Argentine government to use all means at its disposal to obtain rubber from Bolivia, Ecuador, Brazil and Peru. (U)

In January, 1945, the Office of the Legal Attache, Asuncion, Paraguay, advised that rubber and automobile tires were being imported from Brazil which were being exported to Argentina. The Paraguayan Government appeared to have little interest in these activities since customs taxes were being paid. It was learned that on December 18, 1944, 13 tires of various sizes and 5 inner tubes entered Paraguay at Pedro Juan Caballero which had been purchased by [redacted]. A tire, size 9.75 x 18 which costs an equivalent of approximately $315.00, including customs tax, in Paraguay could be sold in Argentina for an equivalent of approximately $425.00 a tire. At the same time it was learned that crude rubber was being brought into Paraguay from Brazil which was being exported to Argentina. This activity was facilitated through the efforts of [redacted] b7C Asuncion, now [redacted] In one deal there was involved 22,200 pounds of crude rubber which was to have been obtained in Paraguay for an equivalent of $55,000 and was to have been sold in Argentina for $95,000. [redacted] was to have received an equivalent of approximately $20,000 for his efforts. (U)

On March 14, 1946, an informant of the Legal Attache at Quito, Ecuador advised that while inspecting a cargo being shipped out of Guayaquil, Ecuador on the SS "Hericles" it was noted that 25 barrels which contained castor oil consigned to [redacted] Buenos b7C Aires, were similar to barrels stored on the premises of [redacted] who was under suspicion by Ecuadoran authorities. Examination of these barrels disclosed that while they contained castor oil, a false bottom had been constructed in these barrels in each of which was concealed 110 pounds of raw rubber. Investigation by the Office of the Legal Attache disclosed that the false bottoms had been constructed by [redacted], Guayaquil, Ecuador who was arrested by local authorities who then admitted that he had been employed by [redacted] to do this work. The Quito and Buenos Aires offices ascertained that [redacted] had been able to escape from Ecuador and is presently living in Buenos Aires with his family. (U)

b7C

Another example of efforts made to smuggle rubber to Argentina is that of the attempt of [redacted]. This individual, a [redacted] was en route to Argentina on a diplomatic mission on (U)

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April 17, 1945, when four of his trunks were seized on the train on which he was riding by Bolivian customs officials at Villazon, Bolivia. These trunks contained 576 pounds of rubber. (S U)

Investigation revealed that Hugo Baldomar, Administrator of Customs and Antonio Jofre, Chief of Custom Guards at Valzon, and other customs officials conspired to conceal the ownership of the seized rubber. Also Ondarza attempted to bribe and even threatened certain customs officials in order to cause a clearance of the rubber and conceal its true ownership. Investigation by the Buenos Aires Office indicated that six additional Bolivians and four Argentinians were also involved in what appears to be a huge smuggling ring. (S U)

As a result of this particular case, the Bolivian Government is undertaking a wide-spread clean-up in Villazon, Bolivia and information received to date indicates that malpractices and illegal combinations among Bolivian customs officials, merchants and railway employees have been quite prevalent in Bolivia. (S U)

The Bureau for some time has been receiving reports that the Argentine Government has despatched agents to various Latin American countries for the purpose of smuggling tires, rubber, and strategic materials to Argentina. It was ascertained that [redacted] was sent to Bolivia [redacted] in part for the purpose of smuggling commodities to Argentina. It was definitely ascertained that on one occasion he stated that he was given the responsibility of filling a minimum quota of 50 tons of rubber per year. Also a report was received in late March, 1945, that [redacted] was furnished with a sum of money equivalent to $250,000 through the Argentine Embassy which was to be used to purchase and ship rubber from Bolivia to Argentina. (S U) b7C

Miscellaneous

Decodes of some of the so-called OFE messages, which are coded material sent by courier by German agents in Argentina to Germany, revealed positive information that a vast amount of smuggling of strategic materials was carried on between Argentina and Germany. As many as four shipments of strategic materials a week were sent to Germany through clandestine methods, primarily by means of Spanish couriers aboard Spanish boats. (S U)

These decodes reflected that the smuggling was undertaken by undercover German agents and the officials of the German Embassy in Argentina until the time the Embassy was closed. One of the principal means employed was the sending of strategic materials camouflaged in packages under bills of lading reflecting the contents to be other than strategic materials. The three principal individuals responsible for this work for the Germans in Argentina were Juan Frank Langer, Jose Mella Alfageme and Jose Valea Cruz. (S U)

E. Communism

A major development in SIS activities during the past year has been the expansion of coverage in the field of Communism. Latin America, by reason of its economic and social background, has always been a fertile field for Communist penetration. With the cessation of hostilities in Europe and the open reestablishment of European Communist Parties, new stimuli have been injected into the Party organizations of the South American continent. Prestige has been acquired by the Soviet Union through diplomatic recognition by numerous Latin American republics. New hopes spring from the acceptance of Communists in countries heretofore hostile to them. S U

SIS representatives effectively obtained information regarding Communist organizations, and are regularly following the activities of Communist elements in penetrating the fields of politics and labor. Investigations have disclosed that the Communists, by reason of their newly-acquired liberties in several countries, have attained a success never before achieved by them. S U

Today, Communist forces have won recognition as legal parties in Chile, Colombia, Costa Rica, Cuba, Ecuador, Mexico, Uruguay, and Venezuela. Although considered illegal under the constitution of Peru, the Communist Party in that country is allowed to operate openly with few restrictions. In Brazil, where the Vargas Government has strenuously endeavored to suppress Communist activity since the unsuccessful revolution of November, 1935, there are increasing signs of an awakening of open Communist activities, stimulated by the release from prison of the Communist leader Luis Carlos Prestes in April, 1945. In Argentina, the Farrell-Peron Government has followed a policy of severe suppression of Communist activities in any form, resulting in the dissolution of Communist-dominated labor federations, the imprisonment of some Argentine Communist leaders, and the expulsion of others, who fled to Uruguay and Chile. The Government of Paraguay has also followed a policy of restricting Communist activities, and Communists have met similar opposition in Haiti, the Dominican Republic, El Salvador, Guatemala, Nicaragua, Honduras, Bolivia, and Panama. S U

In many respects the Communist picture in Latin America has not materially differed from that in the United States. There is evidence that certain Latin-American Communist Parties have looked to Communist leaders in the United States for inspiration if not actual direction, in formulating and applying programs of action to accomplish Party objectives. Moreover, aid and support have been received from Soviet diplomatic representatives, who have supplied counsel, money, and propaganda material to Communist Party organizations in various countries of Latin America. S U

Changes in Names and Policies

Certain Communist Parties in Latin America have modified the organizational structure originally prescribed by the Communist International, S U

substituting larger "Committees" for the Cells, so as to broaden the bases of the Parties and obtain the affiliation of greater numbers of people. New affiliates have been sought who, although in sympathy with Communist objectives, have previously been reluctant to be identified with an international movement whose leaders have called for the establishment of a classless society through the instrumentality of world revolution. Nevertheless, there is secretly maintained intact a framework of trusted old-line "militants" who function as the true Communist Party. Some organizations have changed the name of the Party to one believed to be more illustrative of the progress and principles now being expounded by Party leaders. In this connection, leaders have urged the necessity for cooperation with capitalistic elements in order to maintain national unity and unity of action against Fascism. S U

Political Activities

The application of the principles set forth by the Seventh World Congress of the Communist International in 1935, particularly with regard to the endeavor by every means to establish a united front on a national as well as an international scale, has resulted in immediate gains for some Communist Parties. By 1945 the increasing strength of Communism in Latin America was particularly evidenced by the Party's political achievements. S U

In Chile the Communist Party took steps to effect coalition with other political parties in a "popular front" movement, obtaining forty thousand votes in the 1937 general elections and winning six seats in the national legislature. Following the March 4, 1945 elections, it was announced that the Communist Party held seventeen seats in the lower house and six seats in the Chilean Senate. The Communist Party in Chile is considered in that country to be one of the best organized political parties, and its action in effecting coalition agreements with other political parties, has resulted in increasing prestige and power for the Communist Party, with a corresponding reduction in the power of conservative political groups of the Right." S U

In Cuba there is seen an additional illustration of the effectiveness of the Communist Party policy in the political field. In that country, the Communist Party, beginning with its entrance into a four-party coalition in 1940 to support the presidential candidacy of Fulgencio Batista, has succeeded in placing a number of its members into public office. Today, leading members of the Party are serving in the Cuban National Congress, three in the Senate and seven in the House of Representatives. S U

In Ecuador, following its participation in the successful May, 1944 revolution, the Communist Party not only was allowed to operate openly, but was also able to place twelve Communist Party members in the national legislative assembly. By September, 1944, the Party could count S U

four members holding important public offices, including that of Minister of Government, Minister of Education, Sub-Comptroller, and Private Secretary to the President. As of March 1, 1945, the only active member of the Communist Party of Ecuador holding an important executive office in the Government was Enrique Barrezueta, Sub-Comptroller of the nation. X U

In other countries of Latin America, Communist forces have been following a policy of collaboration with other political parties, including parties of the governments in power, in a successful effort to extend Communist influence into the political structure of the various countries. This has been particularly evident in Colombia, Costa Rica, Uruguay and Venezuela. X U

Infiltration of Organized Labor

The rise in power and prestige on the part of Communist Parties in Latin America may be largely attributed to the successful application of the policies formulated by the Communist International with respect to infiltration and domination of organized labor. Communist control of labor is best revealed in the directorates of federations of labor which have been organized in several important countries of Latin America. An international aspect of this Communist control is lent by the fact that the central federations of labor in the various countries are in important instances affiliated with the Confederation of Workers of Latin America, whose President, Vicente Lombardo Toledano, claims that his organization represents approximately three and one-half million workers. This is possibly an exaggerated claim. X U

In Cuba, the affiliate of the Confederation of Workers of Latin America is the Confederation of Workers of Cuba, which, since its formation in 1939, has been led by its Secretary General, Lazaro Pena, a prominent and influential member of the Communist Party in that country. Under the leadership of Pena the Communist Party of Cuba has succeeded in establishing control over the Central Labor Federation comprised of important labor unions representing a large majority of all workers in the country. X U

As in Cuba, the Communist Parties of other Latin-American countries have succeeded in obtaining an important measure of control in central federations of labor. Such is the case in Chile, Colombia, Costa Rica (where all members of the governing body of the Confederation of Workers of Costa Rica are members of the Communist Party), Ecuador, Uruguay, and Venezuela. X U

Communist Party Schools

In Chile and Cuba, where are located two of the most advanced Communist Parties in Latin America, there has been developed a system of affording local and foreign Party members instructions in Marxist doctrines and other matters. Selected Party members, often those who are active in X U

labor organizations, are given regular courses of study designed to better equip the students to take a leading part in advancing Communism. One such school is maintained in Havana for the purpose of instructing Communists from other Latin American countries. In Chile the Central Committee of the Communist Party has completed plans for the establishment of a school of instruction in radio construction, repair and techniques, as well as codes, photography, military photography, and shorthand. X U

Soviet Diplomatic Activities X U

There are today only six countries in Latin America which have not recognized the Soviet Union. However, at the present time, diplomatic missions have been exchanged with the Soviet Union by only Chile, Colombia, Cuba, Mexico and Uruguay. Although the Soviet Union has directed quantities of propaganda literature to Communist outlets in Latin America, particularly since 1939, a more direct method of exerting Soviet influence has been made possible through the installation of Soviet foreign missions. X U

In Cuba, Soviet diplomatic personnel have been active in sponsoring projects in conjunction with Communist Front organizations, for the purpose of improving Soviet-Cuban cultural relations, with the result that much publicity has been given to Soviet achievements in government, economics, art, betterment of social conditions, and education. Stress has been laid on the military power of the Soviet Union and the benefits derived from its form of government. X U

The Soviet Legation in Bogota, Colombia, has evidenced to Colombians a willingness to lend advice and material aid in developing natural resources. In the adjoining country of Venezuela, Communist leaders have made statements indicating that the Communist Party there receives orders from the Soviet Legation in Bogota in matters of policy and procedure. X U

The late Constantin A. Oumansky, as Soviet Ambassador to Mexico, played an important role in Soviet-Latin-American relations. Oumansky utilized propaganda facilities of his embassy, and his own energies in advancing the cause of the Soviet Union in Mexico and Central America. He maintained contact with the Latin-American labor leader Vicente Lombardo Toledano and with other prominent figures. He, with members of his staff, collaborated with Spanish Communists in Mexico, one of whom served as a director of the embassy's "Information Bulletin," a propaganda organ which was supplied to Communist Parties and labor federations in various Latin-American countries. Oumansky was killed in a plane crash at Mexico City on January 25, 1945, while en route to San Jose, Costa Rica, to present his credentials as Minister of the Soviet Union to the Government of Costa Rica. X U

The Soviet Legation in Montevideo, Uruguay, has taken part in Communist activities in that country. Funds have been furnished to finance the official paper of the Party, and a member of the diplomatic corps has advised Uruguayan and Argentine Communists to prepare for a campaign to be directed against United States and British business interests in Latin America. X

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F. SIS Statistics

Persons Identified, Apprehended, Prosecuted, etc.

	Fiscal Year 1945	July 1, 1940 through June 30, 1945
Espionage Agents		
Identified	13	306
Apprehended	5	327
Prosecuted	-	77 convictions
		1,252 yrs. sentence
		1 death sentence
		1 interned
Propaganda Agents		
Identified	6	230
Apprehended	2	60
Prosecuted	-	1 conviction
	1 interned	1 yr. sentence
		1 interned
Sabotage Agents		
Identified	6	20
Apprehended	3	13
Prosecuted	-	-
Smugglers of Strategic War Material		
Identified	25	175
Apprehended	12	60
Prosecuted	2 convictions	5 convictions
	1 indefinite sentence	2 yrs. sentence
	$194 fine	$194 fine
		2 interned
		1 indefinite sentence

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F. SIS Statistics (continued)

Persons Identified, Apprehended, Prosecuted, etc.

	Fiscal Year 1945	July 1, 1940 through June 30, 1945
Other Foreign Agents		
Identified	2	93
Apprehended	3	33
Prosecuted	-	1 conviction 2 yrs. sentence
Apprehensions, Convictions, Sentences, of Other Persons Under Laws of Local Country	20 apprehensions 12 convictions 1 interned	89 apprehensions 24 convictions 30 yrs. sentence 1 interned $700 fine
Aliens Moved From Strategic Areas	-	7,064
Aliens Interned or Relegated Locally	24	1,932
Aliens Deported or Expelled	48	4,224
Natives Interned or Relegated Locally	-	80
United States Fugitives Located	7	30
Firms or persons Placed on List of Blocked Nationals	11	1,545
Investigations Conducted at the Request of the U. S. Government Agencies	2	2

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F. SIS Statistics (continued)

Radio Stations Located and Radio Equipment Confiscated

	Fiscal Year 1945		July 1, 1940 through June 30, 1945	
	Number	Value	Number	Value
Clandestine Radio Stations Located	-	-	24	-
Clandestine Radio Transmitters and Related Equipment Confiscated	2 transmitters	$430.00(1)	30 transmitters	$7,155.50(2) 200.00
	-	-	12 radio tubes	
Clandestine Radio Receiving Sets Confiscated	-	-	10	2,317.50

(1) Value of 1 transmitter not known.

(2) Does not include value of one transmitter recovered during the fiscal year 1945.

F. SIS Statistics (continued)

Other Material Recovered or Confiscated

	Fiscal Year 1945 Quantity	Fiscal Year 1945 Value	July 1, 1940 through June 30, 1945 Quantity	July 1, 1940 through June 30, 1945 Value
Currency	-	$ 310	-	$ 247,677
Precious Stones	(1)	4,508	(1)	4,508
Platinum	39 lbs.	39,509	101.2 lbs.	107,919
Tires	46	3,236	46	3,236
Rubber	1,760 lbs.	4,200	10,240 lbs.	8,000
Tarpaulins	5	1,000	5	1,000
Tagua Buttons	6 sacks	1,538	6 sacks(2)	3,092
Totals		$54,391		$1,066,258 (3)

(1) Not given.
(2) Does not include quantity of tagua buttons recovered for the fiscal years 1941 - 1944.
(3) The total value of material recovered or confiscated in the amount of $1,066,258 represents the value of all recoveries since the instigation of the SIS programs. This figure includes the recovery of such items as diamonds, silver, mercury, fire arms, books, magazines, propaganda material and medicinal supplies.

Recent activities just prior to the close of the fiscal year will result in additional statistical data which will be recorded in the first quarter of the next year. To be included in future statistics are the convictions of 26 espionage agents in the Circuit Court of Appeals at Santiago, Chile, with sentences ranging from one to seven years in each instance.

VIII. ACCOMPLISHMENTS BY COUNTRIES

A. Argentina (U)

Espionage

During the year 1944-1945 Argentina remained the most important center of German and Japanese espionage in the Western Hemisphere. Her own internal political situation made SIS operations in that country probably more difficult than in any other of the Latin American Republics. In addition to a much disturbed political situation, Argentina's well known antipathy toward the United States hindered action against known espionage agents and was reflected in Argentina's reluctance to take specific action against them even when conclusive evidence of their activities was furnished by the American State Department. (U)

However, in August of 1944, the Argentine police arrested twenty-eight German agents, some of whom were released after a very short period of confinement. The effect of this round-up, despite subsequent releases, was to put an end to the activities of the important espionage radio ring known as HDZ. In addition to the German agents arrested, the Argentine police also arrested several informants of the office of the Legal Attache. This fact delayed considerably investigations in which these informants were engaged. (U)

Johannes Siegfried Becker, an agent of the Sicherheitsdienst, and leader of the HDZ ring made good his escape temporarily. His assistant, Heins Lange was one of three who managed to board the sailing vessel Santa Barbara which had come to Argentina early in July to drop two German agents and to pick up three whose usefulness had come to an end. (U)

Becker was later arrested by the Argentine police and is presently in jail. (U)

The two agents who were dropped by the Santa Barbara were Alfonso Chantrain and Walter Burckhardt both of whom were arrested shortly after their arrival and are presently confined. Most recent information from Buenos Aires reflects that the Argentine Government now holds prisoner a total of seventy-one German agents, including Becker and the two named above. (U)

b7C
b7D

A group of espionage agents known by the name [redacted] ring were disclosed to be working concurrently with a group referred to as members of the Clog ring. [redacted] who has been in periodic contact with a subject in the [redacted] case, received for forwarding a photographic negative which bore the sketch of a radiotheraphy device. (U)

The same device had been depicted in a microdot that had been sent, clandestinely of course, from Mexico to Buenos Aires several weeks previously. The fact that the microdot eventually came to the hands of a member of the KFE ring for enlargement and transmittal seems to indicate clearly that the Clog and the KFE cases are closely intertwined. U

Japanese espionage has been almost completely curtailed by the recent internment of all members of the Japanese Diplomatic Mission in Argentina. Of course, other Japanese who have apparently engaged in espionage activities are still free, but their activities are being observed through the services of an informant, [redacted] who was [redacted] Japanese in Argentina and other Latin American countries. Since the breaking of relations between Argentina and Japan, Japanese espionage as a whole was greatly curtailed due to the difficulty in communication. At present a Japanese, Kensai Miyamoto, is suspected of attempting clandestine radio activity but is under constant observation despite the fact that the Legal Attache has been requested by the Military Attache not to conduct an investigation, the reason for the request being that the office of the Military Attache would ascertain the nature of Miyamoto's activities through a Japanese informant. b7C b7D U

The Legal Attache has pointed out that the alleged Japanese informant has furnished no reports on the matter since October of 1944. Miyamoto is alleged to be the head of a ring of some twenty Japanese throughout Argentina and to be acting as liaison agent between the Japanese and Germans. He shares his home with [redacted] a radio technician and has frequently been seen making mysterious trips to the outskirts of Buenos Aires carrying a large and apparently heavy suitcase which could hold radio equipment. b7C b7D U

With regard to the Japanese diplomats above-mentioned, it has been reported that they are all interned at the Eden Hotel at La Falda, Argentina and are forbidden to communicate with persons outside, except with those in the Swiss Embassy. U

A decree was recently promulgated by the Argentine government requiring the registration and police supervision of all enemy aliens. This decree if enforced would place additional obstacles in the way of espionage activities but most recent information indicates that the decree has been modified so as to eliminate the necessity, even on the part of enemy aliens, of showing identification documents prior to internal travel. Other modifications have made the decree less drastic than originally intended. U

The crew members of the German battleship Graf Spee, previously considered and treated as internees by the Argentine government were, U

after the Argentine declaration of war, given the status of prisoners of war. In this connection it is pointed out that the Legal Attache in Buenos Aires prepared a comprehensive report on all of the crew members for use by the American Ambassador. X U

Deportation

There were no deportations or repatriation, of enemy aliens during the period covered by this report.

Smuggling

In August of 1944 an investigation of a smuggling ring carried on by the office of the Legal Attache for over two years culminated in the arrest of several members of the ring including their leader Eugen Juan Frank Langer, a German agent who figured prominently in German espionage investigations in Argentina. X U

This ring dealt principally in platinum and diamonds which were obtained from various countries in Latin America and forwarded from Buenos Aires usually by means of couriers on Spanish ships. It should be pointed out that Argentina was the center of smuggling operations in behalf of the Axis powers in South America. Investigation disclosed that almost all illegal transactions involving industrial diamonds and platinum were ultimately consummated in Buenos Aires. X U

The curtailment, by arrest of the members of the ring, of this smuggling activity has focused the attention of SIS representatives in Argentina on another type of smuggling. Due to the difficulty of acquiring certain strategic materials such as rubber the Argentine government is believed to be maintaining agents throughout Latin America for the purpose of facilitating the export of such materials into Argentina in the event difficulties are encountered in the regular channels. These agents are sent out with the specific purpose of making contacts in high places and are liberally supplied with money. X U

Political

From the Argentine point of view probably the most important political event is the declaration that a state of war existed between Argentina and Germany and Japan. This was the "sine qua non" of admission to the United Nations Conference in San Francisco and of adherence to the Pan-American Conference in Mexico which took place early in 1945. It was hoped that Argentina's ostensible adherence to the act of Chapultepec and subsequent participation in the San Francisco Conference were the beginnings of a return to a democratic constitutional form of government. This expectation, however, was not fulfilled and X U

Argentina's military government continued for a considerable time to impose strict censorship regulations, avoid national elections, and to continue generally to prohibit political freedom. A/U

First, many newspapers were ordered to cease publication on the ground that they were pro-Fascist or Communist or anti-government; next as a result of unfavorable publicity outside of Argentina the newspapers were permitted to continue publication but if their editorial policies were critical of the Farrell-Peron Military government their editors were jailed, and in some instances exiled. Correspondents of American news syndicates such as Cortesi of the New York Times and Joseph Newman of the New York Herald Tribune, were threatened with physical violence for having written articles deemed to be derogatory by Argentine officials. In this connection it is pointed out that Newman felt it necessary to take refuge in the American Embassy. A/U

A decree known as the Political Parties statute has been recently promulgated and purports to guarantee honesty and fairness in the elections which are eventually to be held. This statute has been criticised severely by several former Argentine politicians now in exile in Montevideo, Uruguay as being another means by which the military government in Argentina can continue to control Argentine public life. In this connection it is pointed out that President Farrell has recently made a public statement indicating his intention to conduct fair elections in Argentina in November of this year and has stated that he wants as President a man elected by the people. A/U

There have been many reports of a widening breach between President Farrell and vice-President Peron, the Argentine "strong man", allegedly over Peron's intimated intention of offering himself as a candidate for the Presidency. It is said that Peron has lost considerable military support as a result of this political ambition and has attempted to overcome this loss by drawing to himself the support of the laboring class in Argentina. He has attempted to do this by arbitrarily raising wages and decreeing certain social reforms which inure to the benefit of labor. This has brought down upon him the wrath of most of the industrialists, which recently manifested itself in a published manifesto signed by 319 industrial organizations. A/U

There are obvious indications of increasing political unrest such as student strikes and plots to overthrow the government. One such plot which was considered of grave importance was allegedly scheduled to take place on the day that Berlin fell. In a subsequent announcement the government explained that the plotters intended to make use of the turmoil which would result from a celebration of the fall of Berlin in order to draw police guards away from public buildings thus enabling the plotters to take over the necessary government offices. A previous knowledge of this plot was given as a reason by the government for A/U

having prohibited any demonstrations whatever to celebrate the fall of Berlin. X U

The leaders of the plot comprised several military men of high rank. They were reportedly tried and sentenced to periods of confinement of not longer than six months and some of them were given additional punishment of being suspended from their employment for periods as long as ten months. X U

Following the suppression of the alleged plot the government announced that all political prisoners would be freed, a lifting of censorship restrictions, and that exiles would be permitted to return to Argentina. An announcement was made shortly thereafter that some 200 prisoners would be released on the first day that the amnesty regulation was to go into effect. No information has been received that any large number of prisoners has been freed. X U

Relations between the Farrell-Peron government and the American Ambassador appear, from recent reports of the Legal Attache, to be deteriorating. A very recent report indicates that a group of army men called at the Argentine "Casa Rosada" (equivalent to the White House) to express their dissatisfaction with the attitude and public declarations of American Ambassador Braden and to request that the Argentine government ask for his recall and in the alternative to break relations with the United States. X U

Important SIS Activities

That Bureau representatives in the office of the Legal Attache in Buenos Aires are well informed regarding Argentine matters is well illustrated by the use made of information collected by SIS, at the two conferences above-mentioned, namely the Pan-American Conference in Mexico and the United Nations Conference in San Francisco. X U

SIS representatives prepared for the use of the State Department a comprehensive memorandum demonstrating the laxity of the Argentine government in controlling Axis espionage. This document was used to good advantage at the Pan-American Conference held in Mexico early in 1945. X U

It might be pointed out also that SIS representatives had previously prepared a memorandum for the use of the State Department which established the fact that Argentina had been used as a base of operations for the Axis nations after other South American countries had severed relations with Germany and Japan. In this memorandum dozens of known agents, both German and Japanese, were identified. X U

Through a contact made by an SIS undercover agent the Bureau was able to furnish to the State Department an Argentine offer to X U

declare war against only one of the two remaining Axis nations. This proposal was in the nature of a "feeler" and the attitude of the State Department that this proposal was inadequate was immediately submitted to the Argentine government through the same SIS channel. &U

In connection with investigation of Falange and Spanish activities in Argentina, the office of the Legal Attache has developed several excellent contacts among the many Basques who are well organized in Argentina in anti-Franco groups composed of Galicians, Catalans and Basques who are agitating for autonomy of their respective sections of Spain. Through this group wide coverage is obtained on the activities of the Spanish Falange and certain Communist organizations. &U

The office of the Legal Attache enjoys the confidence of several Argentines who are highly placed in the government service, among them being one Carlos Alberto Pardo who has recently been appointed to the post of Argentine Ambassador to Belgium. Still others have made it possible to obtain political information of a certain nature, immediately after events occur. &U b7C

A recent illustration of effective work of SIS was the location in Buenos Aires of one [redacted] who is under indictment in New York City for violation of the Passport Laws. &U

[redacted], born in Bermuda, had stated in an application for an American passport that he was born in Tennessee. The fraud was subsequently discovered by the State Department and upon presentation of the evidence [redacted] and his accomplices, including his partner and her mother were indicted. The partner and her mother were tried and received suspended sentences but [redacted] was never apprehended. The Legal Attache in Mexico received a request from the State Department to attempt to locate [redacted] and learned that he had been in Mexico but had gone to Cuba. From Cuba it was learned that [redacted] had gone to Argentina. The Legal Attache in that country reported that [redacted] had been located and that a contact of the Legal Attache might under pretext induce [redacted] to return to the United States. Information was received from the New York Field Division that [redacted] was still wanted for prosecution but that the probable result would be a suspended sentence. Since such a result would be embarrassing to the contact no further action has been taken. &U b7C

B. Bolivia (U)

The office of the Legal Attache in La Paz, Bolivia, has been active in following the multitudinous political trends which have accompanied the coming to power of the present Government of Gualberto Villarroel. Since this has been a very strict military government, and since the government has had many Fascist elements, activities in Bolivia have also been of a terrorist nature. (U)

Kidnapping of Sig Maurate Hochschild (U)

An example of the violence unleashed for political reasons was reflected in the kidnapping of Maurinio Hochschild, July 30, 1944, in La Paz, Bolivia. He was seized by the Bolivian Director General of Police, Jorge Eugino, and his colleagues and held captive until August 15, 1944. The Legal Attache at La Paz became cognizant of the identity of the kidnappers and ascertained that the ultimate objective of the kidnapping was to kill the captive. With this information, the Legal Attache recommended to President Villarroel that immediate action be taken to save the life of the individual being held. In Bolivia no publicity was released reflecting that the true motive of this kidnapping was largely political. (U)

Activities of Major Elias Belmonte (U)

Major Belmonte, the Foreign Bolivian Military Attache in Berlin and a known Axis sympathizer has worked through associates in Bolivia to gain support for an effort to place him in the Bolivian Presidency. It is known that he has collaborated with German elements and has written a letter to a former German diplomatic official in Bolivia exposing his plans. Also in decodes of the Radio HDZ circuit it was confirmed that Belmonte was active with Nazi groups. Investigation concerning Belmonte has been extensive by Bureau representatives at La Paz, Bolivia, Buenos Aires, Argentina, Lisbon, Portugal and other offices. Belmonte is at present located in Lisbon but is endeavoring to return to Bolivia. In this regard, the Legal Attache at Asuncion, Paraguay recently made available information indicating that Bolivian Governmental elements were sympathetic toward the return to Bolivia of Belmonte. The Legal Attache at La Paz, Bolivia reports that the Bolivian Foreign Minister, Gustavo Chacon, has indicated that Bolivians influential in the Government are of the opinion that Belmonte is not really pro-Nazi and that he may be allowed to return to Bolivia. This theory, of course, is refuted by evidence which the Bureau has furnished to the State Department and it is known that the State Department will make strenuous efforts to prevent the return of this influential political figure to the Western Hemisphere. (U)

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Rubber Smuggling from Bolivia to Argentina (U)

As a result of information furnished the Director General of Bolivian Police by the Legal Attache at La Paz, Bolivia, twelve individuals were apprehended at Santa Cruz, Bolivia on April 5, 1944. At that time, approximately ten thousand pounds of rubber with a value of forty-six hundred dollars were recovered. It is indicated that six of the individuals were arrested for political reasons but that six were apprehended while illegally transporting the rubber in the direction of Argentina. Prosecution was dismissed by decree of the Minister of Government and there is some evidence to indicate that this release was effected as a consequence of political implications of the case. The Legal Attache reports, however, that the effect of this arrest was to greatly improve the control against smuggling in Bolivia and it is stated that representatives of the governmental rubber corporations have reported that the rubber growers and merchants in Bolivia have been much more cooperative since the occurrence. (U)

Safe Haven - Flight of Axis Capital (U)

The Legal Attache reports that investigations are continuing with respect to ascertaining possible flights of Axis capital and other aspects of the Safe Haven Project. It is expected that a summary will be prepared and submitted in this matter shortly. At the present time, the Legal Attache's office, in cooperation with representatives of the American Embassy, are examining records of the German Government which have been in the possession of Swiss Government officials in Bolivia. It is indicated that these records pertain in a large part to economic and financial data concerning German firms and the investment of German capital in Bolivia. It is believed that the information developed from this study will be of great value in connection with investigating the real extent of German economic operations in this Republic. (U)

Communist Activity

Communist activity in Bolivia has never been strong or extensive and legitimate Communist elements in this country are negligible. However, the Leftist Party of the PIR (Partido de la Izquierda Revolucionario), which has a notable Marxist hue, has been active in sponsoring platforms which appear almost identical with the Communist programs which are active in other South American nations. This Party of the PIR thus appears to be collaborating with Communist elements but it has been characterized by some observers as pro-Russian and anti-Stalin. In this connection, it is of interest to note that the celebrated leader of this Party, Jose Antonio Arce, who is now in the United States, has been known to contact in New York various prominent representatives of Communism in the United States. The PIR has been active in endeavors to secure the support of (U)

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the laborers in the various tin mines in Bolivia and other industrial enterprises in a manner similar to the work of the Communists in the Chilean nitrate and copper mines. At the time of the attempted assassination of the PIR leader, Jose Arce, the office of the Legal Attache at La Paz was successful in determining that the Director General of Police, Jorge Aguirre, who has since been replaced, was one of the leaders in the assassination plot. He admitted participation in this attack to the Legal Attache during a conversation in September, 1944. Recently the Bolivian Government entered into diplomatic relations with Russia. S U

Police Liaison

At the present time, there is no police liaison representative of the Bureau active in Bolivia. The Bolivian Government has been interested in having a Bureau representative in the capacity of police liaison agent but in view of the fact that the Bolivian Government has had an unsavory history, has been known to be implicated in many terrorist practices which have been generally handled by Bolivian police authorities and because of the possibility of strong illegal acts it has not been considered opportune by the State Department to have a representative of the Bureau officially connected with the Bolivian Government as a police representative. It is noted, however, that a Bureau agent who is experienced in police matters is attached to the office of the Legal Attache there and in an informal manner has been cooperating with Bolivian police authorities where it appeared advisable. S U

Revolutionary Attempts

The office of the Legal Attache, through political informants, is keeping close touch with revolutionary attempts and trends in this turbulent Republic. In November, 1944, a revolution broke out in the cities of Oruro and Trinidad, Bolivia, causing a state of siege to be declared throughout the country. The revolutionary Government of Villarroel, however, was successful in overcoming this movement. The Legal Attache has reported recently that another revolutionary movement has been threatening and that it is believed that this movement is financed by the Bolivian Tin Magnate Mauricio Hochschild. The Bolivian Government is also cognizant of this movement and investigation is being closely followed. S U

In June, 1945, the Bolivian Foreign Minister, Gustavo Chacon, approached the office of the Legal Attache and requested that Bureau representatives ascertain through monitoring the location of a clandestine radio in Bolivia which had been broadcasting political material against the present Government. Due to the internal political nature of these broadcasts, no investigation has been undertaken of this matter for the Bolivian Government, although Bureau representatives are following this case in order to secure full background for the Bureau and for the State Department. S U

C. Brazil X U

By virtue of the noticable decline in Axis inspired activities in Brazil during the past year, attention to that country has been more definitely focused upon its national politics, particularly the political manoeuvers of President Vargas to swing the forthcoming elections in his favor. Brazil--at least for the moment--appears to have gone somewhat democratic. Interned enemy aliens have been released, the newspapers have been given a certain amount of freedom and the government has climaxed an uninterrupted twenty-five year period of non-recognition of Russia by recently establishing diplomatic relations with the USSR. X U

Political

With national elections set for December 2, 1945, Brazil appears to be in the throes of political machinations by the incumbent governmental regime of President Getulio Vargas. Opposed to previous policies adopted, Vargas is now allowing opposition parties to come out into the open and air their views. The press has been given a restricted amount of liberty and there has been a wholesale release of interned enemy nationals as well as the granting of amnesty to political prisoners sentenced by the Brazilian Tribunal of National Security. X U

Two presidential candidates have emerged: Eduardo Gomes, Brigadier General in the Brazilian Air Force, and Eurico Gaspar Dutra, Minister of War, who is referred to by the opposition as the "official candidate" inasmuch as he is admittedly backed by Vargas. X U

Vargas has strategically placed the former interventor of the State of Pernambuco in the position of Minister of Justice, in which capacity he will oversee elections and presumably decide upon questions of election frauds. The Minister has always been a staunch Vargas ally. X U

Labor strikes that have been carried out have been primarily concerned with public utilities in the larger cities and it is said that the Vargas government has promoted and encouraged them in order to create disturbances which would necessitate the calling out of the army in order to suppress them. X U

A new decree law just issued ostensibly is directed towards the formation of monopolies and trusts, however, opponents to the law point out that it was designed by Vargas in a dictatorial manner to increase taxation and provide a definite check on the growth of foreign investments in the country. In this connection it is noted that the law does not permit a resort to the courts upon the government's intervening in any enterprise or company that effects the public interest. X U

Espionage

Plinio Salgado, Integralist leader of the so-called Green Shirt Movement in Brazil, now exiled in Lisbon, Portugal, has not only been directing the activities of the pro-Fascist Integralist group in Brazil, but is likewise known to have been definitely implicated with German espionage

in Buenos Aires as reflected by MDI intercepts. Known couriers and contacts between the Brazilian Integralists and the espionage agents of the Bucker ring in Buenos Aires have recently been identified and their activities closely covered. Through the endeavors of the Legal Attache at Rio de Janeiro, it has been learned that Zaferino Vezio Laterio Contrucci, close contact of the Brazilian Integralist leader, Raimundo Padilha, departed for Lisbon June 16, for the apparent purpose of consulting with Salgado concerning revised policies of the Integralist Party. It is interesting to note that the Legal Attache had instituted coverage on Contrucci's travel to Lisbon some two weeks prior to the time that his office received a request from the Rio de Janeiro police to advise them as to Contrucci's activities in Lisbon. &n

Information has been recently received from London concerning the interrogation of Gunther Stracke, who was captured at sea, February 13, 1945, as a member of a crew of a fishing vessel attempting to transport a cargo of butter to Dunkirk. Along with Stracke were captured three other German sailors all of whom were ex-members of the crew of the "Passim", also known as the Santa Barbara, which vessel was used to transport Wilhelm Heinrich Kopff and William Marcus Baarn to a lonely strip of beach north of Rio, August 10, 1943, for the purpose of effecting espionage. The interrogation of Stracke and others conclusively showed that the Germans suspected that Kopff was not acting as a free agent in transmitting radio messages from Rio to Germany, inasmuch as his identification sign was incorrect. In this regard it is interesting to note that Brazilian army authorities attempted to make a double agent out of Kopff and transmitted numerous messages through him to Germany. They refused any technical advise or help from the Office of the Legal Attache on the theory that they were well acquainted with all the details necessary to successfully operate a double agent radio setup. &n

Leading German espionage agents incarcerated in a penal colony near Rio de Janeiro for conducting radio espionage and related activities attempted to arrange their escape through a German representative in the Spanish Embassy of Rio de Janeiro, whereby it was planned that after their release and enlistment in the Brazilian Expeditionary Forces in Italy, they would desert to German lines. Upon the German representative's refusal to grant aid, the subjects undertook negotiations by secret ink letters to an informant of the Office of the Legal Attache at Rio in order to arrange funds from the German colony for their escape by a fishing boat from the penal colony. A sample of the secret ink developer used by the subjects in this case has been tested by the Bureau's Technical Laboratory which has commented that it functions as a very efficient developer for citric acid. Those subjects involved included such notables as Albrecht Gustav Engels and Tulio Regis Nascimento, whose total prison sentences amount to more than sixty years. &n

Frank Walter Jordan, serving a twenty-year sentence in Brazil on espionage counts, arrived in that country via the German motorship "Lech" on March 3, 1941. The "Lech" was commanded by Captain Fritz Brinkmann who, although he denied the same, undoubtedly was acquainted with Jordan's mission and is known to have paid Jordan the sum of $200 upon disembarking at Rio de Janeiro. Up until several months ago, Brinkmann's whereabouts were a mystery. &n

However, through the efforts of the Legal Attache at Rio de Janeiro, Brinkmann was located at an internment camp in Canada to which point he had been transferred from England upon the scuttling of the "Loch" which was intercepted in the North Atlantic by an English vessel of war. On March 21, 1945, Brinkmann was interviewed at a prisoner-of-war camp at Monteith, Ontario, by a representative of SIS. He attempted to be cooperative regarding an explanation of the identities of numerous individuals appearing in his personal notebook which Bureau agents in Rio had uncovered, but refused to clarify any details regarding his early life, acquaintances on the continent or matters concerned with German espionage. 5 U

German Intelligence plans to penetrate Brazil are revealed in a recently seized document written in French obtained in Paris, France. This document definitely points to the travels of German espionage agents on the continent and the fact that an agent named Manuel Martinez Dupre is stated to be in Brazil. A friend of Dupra named Wolwert was revealed to be effecting arrangements with an agent in Lisbon for the establishing of a network destined to operate over a Spain-Brazil sector. In addition, preparations for a group of agents designated as "Wien" had been reportedly made for them to depart for Brazil. 5 U

The British at London, England, have agreed to our interrogating [redacted], for the purpose of determining the activities of subject, Frederick Wilhelm August Oscar Langrehr, in whose possession at Rio de Janeiro was found a complete list of warships, setting forth the tonnage of the navies of the United States, Great Britain, and Holland. Subject was acquainted with [redacted] who was sentenced in Decemb 1943, in absentia by a Brazilian court, to a prison term of 27 years and six months. 5 U

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A German agent under control in England named [redacted] has been operated nationally by the Bureau from the United State b7D Another agent having the same superiors as [redacted] was identified as being Acacio Strecht, who went to Rio in August, 1944. It was recently believed that an informant of the Rio office might be able to turn Strecht into a double agent; however, with the collapse of Germany, Strecht lost all desire to continue his espionage work and the case will probably be turned over to the Brazilian police. 5 U

Sabotage

As a consequence of recent arrests in Chile, Police authorities of Rio de Janeiro and Sao Paulo initiated investigation in Brazil upon information furnished by the Rio Legal Attache to determine the ramifications of an extensive South American sabotage organization involving agents operating in Chile, Brazil, Venezuela, Colombia, Argentina, and Peru. 5 U

Brazilian principals identified were Dr. Georg Blass, Rio de Janeiro, who had been previously mentioned in radio messages as "Dr. Braun" and Karl Otto Dohl, Sao Paulo, both of whom upon interrogation admitted their complicity in the organization which was designed to effect vast sabotage plans in South America and which was affiliated with Abwehr II, Sabotage Section of the German High Command. 5 U

In September, 1944, the Police at Sao Paulo, Brazil, effected various arrests revealing the existence of a Japanese organization created to sabotage the production of mint (used in the manufacture of explosives) in Brazil. A Lieutenant Colonel in the Imperial Japanese Army admitted complicity in the ring, and plans had been made to organize a society which invoked disciplinary measures for prosecuting disobedient Japanese, including murder, if necessary. Similar arrests were made in the state of Parana which borders on the state of Sao Paulo. &U

A letter was recently found on the streets in Natal, Brazil, indicating that the addressor, Pedro Pontes, was involved in a sabotage scheme to wreck United States air bases at Natal and Recife, Brazil. Pontes in his letter spoke about a transmitter in that region which had been reporting ship movements. Through the efforts of the Bureau representative stationed at Natal, cooperation has been secured with local police authorities there in an effort to obtain handwriting specimens, and of late two individuals named Pontes, both of whom have been around the Natal air base, have been placed under investigation as being logical suspects in this case. &U

Foreign Nationality Groups

A copy of instructions emanating from Spain and directed to the Falangists in Brazil dated January 1, 1945, has just been obtained. The Directive, which was sent to the Spanish Embassy at Rio de Janeiro, outlines the policies and personal conduct that should be followed by the Falangist element, including the following significant points: further meetings are to be canceled until subsequent notice; no visits are to be made to the Embassy; business is to be conducted by personal calls; care is to be taken regarding those elements who have deserved Falangist confidence in the past; the term "Hispanidad" is not to be used; and the motto has been changed from "Attack to Conquer" to "Discretion to Conquer." Individuals mentioned in the Directive merely as "V.P. #73" and "C.F." have already been identified as being Falangist leaders Vicente Paya and Camilo Luquejo. &U

By virtue of the recent establishment of the new Polish government supplanting the exiled regime at London, the Polish Legation at Rio de Janeiro will probably be closed. Many of the Legation's documents have already been secreted inasmuch as a Soviet-dominated group is expected momentarily to take over business in the Legation. Those Poles who are forced to vacate their positions will go underground to continue their fight against the USSR. In addition, Ukrainians, Lithuanians, and Latvians in Brazil, seeing that Soviet influence in their home countries cannot be dispelled, have lost heart and are resigned to Soviet domination and collaboration with Russia for economic reasons. The Legal Attache at Rio has just advised that his office has the opportunity of acquiring on an informant basis the services of [redacted] at Rio. &U b7C b7D

Ex-King Carol of Rumania arrived several months ago at Rio de Janeiro at a time when it was reported that his entry into that country had been facilitated by the Soviet Embassy at Mexico City. He, along with Magda Lupescu, is residing in the swank resort hotel at Quitandinha, some fifty miles in the mountains from Rio. It is expected that Carol, along with his &U

retirms, will proceed to Paris within the next two months and thereafter to Rumania. His reported Soviet friends have allegedly dropped him in view of his recent overtures to the British. S U

Communism

Brazil's well known stand against Communism was reversed a few months ago when President Vargas, through his Ambassador at Washington, Carlos Martins, exchanged diplomatic notes with the Russian Ambassador in order that relations could be resumed between the two countries. Shortly thereafter the imprisoned Communist leader, Luis Carlos Prestes, was released from custody having been held up to that time by virtue of inciting a Communist revolution in Brazil in 1935. Although Prestes has reaffirmed the Communist policy in Brazil, nevertheless, he openly admitted in a mass meeting at Rio de Janeiro that it would be desertion for Vargas to relinquish his power at the present time. In giving Vargas such signal service it is believed that labor will more easily follow the dictates of Prestes which in turn will strengthen, at least momentarily, the governmental regime. S U

On June 8, 1945, President Vargas gave a luncheon attended by his Chief of Police and a Polish Prince named Konstanty Czartoyiski. During the luncheon, Vargas spoke strictly against Russia and a statement was made that Argentina, Chile, Peru, and Brazil were considering the formation of a secret bloc to offset Russian influence in South America. S U

Economic

Pursuant to a request of the Foreign Economic Administration concerning the location and output of important factories in Japan, as well as data relating to transportation systems, bridges, and other strategic military points, the Bureau interviewed through SIS representatives in South America numerous diplomats, business men, and travelers and in addition instituted a widespread survey to obtain the desired information. In one instance alone, some 250 pounds of Japanese publications were obtained by the Legal Attache at Rio, including industrial catalogues, business directories, commercial directories and related data which furnished considerable information as to the names of Japanese factories and locations, types of products manufactured, and in some cases photographs and even aerial views of factories, railroads, highways, bridges, wharves, and hydroelectric projects. S U

Fernando Simoes Ferreira is accused of having sold 260 tons of falsified fish oil to a firm in Lisbon, Portugal, knowing the same was intended for the United States Commercial Company and the United Kingdom Commercial Company, with a loss to these agencies of $260,000. The Legal Attaches in Lisbon and Rio de Janeiro have been asked to bring Ferreira to Justice and his signed statements were taken in Rio wherein he admitted selling oil valued at $90,000 to $100,000 but denied knowing the same to be false. He said that he went to Rio in order to visit his mother and not to escape any threatened prosecution. No extradition treaty exists between Brazil and Portugal by virtue of which subject could be returned without considerable difficulty. Plans are under consideration, however, whereby Ferreira will be informally placed upon a Portuguese ship for deportation to Lisbon. S U

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On June 14, 1945, [redacted] State Department employee, departed Washington for the purpose of visiting Rio de Janeiro, Montevideo, Buenos Aires, Lima, Santiago, and Bogota, ostensibly for the purpose of making a survey of the problems involved in carrying out the Safe Haven Project and personnel requirements. To date, he has recommended additional personnel for Brazil. S M

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D. Chile

The office of the Legal Attache at Santiago, Chile, has been very successful during the past year in securing the apprehension of German sabotage agents in collaboration with the Chilean authorities, in improving police liaison relations, in following political and economic trends, and in conducting the work of the Bureau in this country.

The Apfel Sabotage Ring

As a result of decodes in the FBI German radio case, and as a result of extensive investigation by Bureau representatives in Chile, it was determined that a German national in Chile, Albert von Appen, was a German saboteur known as "Apfel". Continual efforts were made by representatives of the office of the Legal Attache to secure appropriate cooperation from Chilean police authorities to apprehend and properly question this German subject. After various maritime disasters which appeared to possibly involve sabotage, this matter came to a conclusion. As a result of extensive questioning by representatives of the Legal Attache's office and Chilean authorities, Von Appen confessed his identity as a German saboteur and revealed data resulting in the apprehension of two other sabotage agents in Chile. Through information in the confessions of Von Appen, the Legal Attache in Chile was able to furnish complete data to other representatives in Latin America and this action led to further apprehensions of German saboteurs. For example, the office of the Legal Attache at Rio de Janeiro, through collaboration with Brazilian police representatives, was able to cause the apprehension of the principal sabotage agent for Brazil and the other Republics, as well as four of his associates. Similar action by the Legal Attache at Caracas, Venezuela, resulted in the apprehension and internment of ten German sabotage agents in that country who were connected with the Apfel sabotage ring. Further action in this matter by the Legal Attache at Bogota Colombia, has resulted in the apprehension and internment of four sabotage agents in that country and the identification of other individuals connected with this work. Oscar Poensgen, who was identified by the Bureau as a sabotage agent, was further definitely named by subjects in Chile and the other Republics. He is presently interned in the United States.

Deportations

Through efforts of the office of the Legal Attache at Santiago, Chile, it has been possible to secure the deportation from Chile for internment in the United States of four dangerous German subjects. Three of these individuals who were connected with the previously noted Apfel sabotage ring, and the fourth, Augusto Siebrecht, head of the German industrial firm of AEG, will be repatriated to Germany.

In this regard, it is noted that through action of the office of the Legal Attache in cooperation with Embassy representatives, it is believed that numerous other subjects will be expelled from Chile in the near future. These will probably be individuals who have been prominent in German economic matters and whose presence in Chile is considered a threat to the Hemisphere security. S U

The P-Z Clandestine Radio Case S U

This German spy organization which was exposed as a result of investigative efforts of the office of the Legal Attache in Chile and which resulted in the apprehension of approximately sixty individuals has been brought to a partial conclusion through the conviction of twenty-six of the principal subjects. Several of the principal subjects received quite substantial sentences. For example, Guillermo Kunsemuller received a sentence of seven years; Bernardo Timmermann received a sentence of five years; and sentences of four years were given to Augusto Kroll, Hans Heinecke, and Eugenio Ellinger. In connection with this case, the office of the Legal Attache has worked very closely with Chilean police representatives and also has been in close contact and very helpful to Judge Luis Ezquedano who prepared the sentencia containing the convictions for the subjects. Further ramifications of this case are being investigated by Bureau representatives in Chile. S U

Police Liaison

During the past year the relations between the office of the Legal Attache and the police liaison representative with Chilean authorities have been exceedingly cordial and cooperative. Subsequent to the visit to the United States of the Director of Chilean Investigaciones, Jorge Carreton, he was extremely friendly with the Bureau representatives and has offered complete cooperation with the office of the Legal Attache in Santiago. Carreton was greatly impressed at the time of his tour of the Bureau and has spoken many times of his association with the Director and other Bureau officials. As a result of political intrigue in Chile, Carreton is at present on leave at the request of President Rios and it appears probable that he may not return to his post as Director, inasmuch as he has many powerful political enemies who desire his permanent removal. S U

During the absence of Carreton, his assistant, Oscar Zagal von Benmewitz, has become the Acting Director and has been very cooperative with Bureau representatives. S U

At the present time, there are four police liaison agents representing the Bureau in Santiago. Three of these individuals were sent to Chile recently in connection with special investigations of possible sabotage activity. Since it is expected that they will remain and continue work in Santiago of a police liaison nature, office space has been secured for these representatives apart from the office of the Legal Attache in the American Embassy. S U

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~~Money Trade - Espionage~~ X U

The office of the Legal Attache at Santiago has been investigating the German money trade espionage in an endeavor to ascertain the nature of this German intelligence work and the personnel involved in its handling. References to this work were originally noted in decodes of FYL clandestine radio system but inasmuch as the reference contained little information, efforts to ascertain the exact nature of this work have been very difficult. Recently it has appeared, however, that an individual named Kurt Ullman, a German resident in Chile, might be identical with one of the subjects in this case who appeared to be a Santiago mail drop for espionage information transmitted from the United States to Chile and ultimately for Germany. The Legal Attache's office has presented information with regard to the operations of this group to Chilean authorities and as a result of his action, Ullman has been apprehended and is being questioned. He has furnished information indicating that a former business associate of his, Emil Hantschel, was a representative of German espionage in Chile and received information from the United States for transmittal to Germany. The Legal Attache's office is continuing an active investigation of this matter. X U

The Maipocho and Lautaro Shipping Disasters X U

During recent months the Lautaro, a Chilean Naval training vessel, which was loaded with nitrate, and the commercial cargo vessel Maipocho caught fire and burned after sailing from Chilean ports. These disasters were accompanied by complete destruction of the vessels and great loss of life. Chilean authorities indicated that they believed sabotage action was involved and they requested aid from the office of the Legal Attache in connection with the investigations of these disasters. Representatives of the Legal Attache's office worked in close association with Chilean authorities in an advisory capacity to determine if sabotage actually had been made of these vessels. In this regard, the Chilean Foreign Minister, Joaquin Fernandez, through Ambassador Bowers at Santiago, requested that three Bureau agents be sent to Chile to aid in these sabotage investigations. Three agents went to Chile and have worked closely with Chilean authorities. Investigation has not substantiated the allegation that actual sabotage was involved in the shipping disasters. However, as a consequence of this extended cooperation, the relations of the Legal Attache's office and the Chilean Government have been improved. X U

Safe Haven - Flight of Axis Capital X

The office of the Legal Attache has been making continued efforts to ascertain the possible flight of Axis capital from European nations to Chile and has worked in cooperation with Embassy representatives in checking on the liquidation proceedings of various large German firms in Chile. As a result of these investigations, it has been possible to ascertain extensive information as to the actual capital investments of Germans in Chile and as to the operations of German firms during the past years. The American X U

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Embassy in Chile was extremely interested in the liquidation of various Standt enterprises and the activities on behalf of this German firm by a prominent Chilean politician Arturo Olavarria. The office of the Legal Attache was requested to aid in these investigations and through confidential informants was able to secure information of great value for the Embassy and the State Department. S U

Recently, Embassy representatives have advised the Legal Attache that certain German individuals remaining in Chile have attempted to thwart economic control measures of the Chilean Government and asked the Legal Attache's office to contact Chilean authorities with the object of securing the expulsion from Chile of these troublesome German nationals. It appears that these efforts will be successful and it is probable that in the near future various German nationals will be expelled from Chile for internment in the United States and eventually repatriated to Germany. S U

Communist Activities

Communist activities continue in an energetic fashion in Chile. This Party is one of the best disciplined and best organized political groups and during the past year has attained new prestige in that Communist leaders have received increased official recognition from President Rios and other Government leaders in Chile. In this regard it is noted that the Communist General Secretary, Senator Carlos Contreras Labarca, was a member of the official Chilean delegation to the San Francisco Conference. The Communists have been active in attempting to secure the cooperation of other Leftist groups for the program of "National Union". The Communists have also been active in spreading propaganda against the Argentine Government and have followed the Communist International Party Line as to various acts at the San Francisco Conference and the Mexican Conference of Chapultepec, Mexico. The Communist Party in Chile is one of the best organized and best administered Communist groups in Latin America and maintains close association with Communist sympathizers in Bolivia, Peru and the Communist underground in Argentina. The office of the Legal Attache in Chile has, during past years, been able to develop informants who advise accurate and reliable information as to the movements and trends of Communism in Chile. S U

Political Trends

President Rios in Chile continues to govern this nation of five million people in a blundering and inefficient manner without instituting appropriate measures to improve the economic status of the Republic. In this democratic country, Rios continues in power through political maneuvers which effectively divide his opposition. In these actions, however, he has also lost the support of his own Party, the Radicals, although recently through compromise he has secured the cooperation of the Radical Party. Thus, at the present time Rios has a cabinet which is a Leftist correlation composed of Radicals, Democrats and National Falange members. This Falange group has no connection with S U

the Spanish Falange and originally developed as an organization of young conservative Catholics. During recent years, however, this Party has moved continually to the left until at the present time it represents youthful liberal Catholic elements completely divorced from the influence of the Reactionary Conservative Party. It appears that the present Chilean Government will continue without untoward incident and will be characterized by more stability than the governments of its neighboring Republics. However, as in the past, it appears improbable that the Rios regime will be characterized by active progressive operations. The office of the Legal Attache, through extensive political informant coverage, has during the past year supplied the American Ambassador continually with confidential information which has been of great value to him. Ambassador Bowers has expressed to the Legal Attache his appreciation for the information supplied to him regarding political activities in Chile.

E. Colombia (U)

The past year has seen a continuance of the high standard of investigative work done by our SIS staff in Colombia, which consist of a Legal Attache and eight assistants, five undercover men, and two radio men. There has been a widening of informant coverage and increased liaison with the national and local police organizations. As a result it has been possible for our SIS representatives to keep the Bureau well informed on the numerous political revolts and schemes which are a constant disturbance in that country. (U)

On July 10, 1944, a revolutionary attempt occured in the course of which President Alfonso Lopez was seized and held for two days. The revolt, however, was suppressed and a large group of Colombian Army officers who had been responsible for the revolt were court martialed and imprisoned. Numerous army personnel were forced into retirement. Because of this action there continues to be a great deal of unrest in the Colombian Army. (U)

The revolutionary elements of Colombia are composed chiefly of the Conservative group which includes both the army and clerical supporters. Laureano Gomez, Conservative Party leader and editor of the Bogota daily, "El Siglo", is probably the most important opposition figure. He is a member of a group called the Legion Colombiana Junta, which includes in its program the confiscation of all Jewish-owned property and the release of all interned Axis nationals. Gomez was exiled shortly after the July 1944 revolt but was permitted to return to the country on December 12, 1944. During that revolt the radio transmitter in the SIS Legal Attache's office was of great value to the United States State Department as the Legal Attache was able to transmit messages, advising of the situation after all other communications with the exterior had been broken off. (U)

During recent months the political situation in Colombia has continued to be acute. On June 13, 1945, a state of siege was declared in Bogota after intermittent street demonstrations by students in which rioting occured and Communist headquarters were stoned. Censorship of communications was established and public demonstrations were prohibited. This was the fifth outbreak against the Lopez administration during the past year and indicated the strong feeling of the minority against his administration. (U)

According to reports received from our representatives, President Lopez leans heavily on the support of the Communists which has caused him to lose strength with the Liberal Party, a fact which may eventually lead to dissension within the Liberal Party. In Colombia, the Communists are known as the Partido Socialista Democratic, the name adopted by the former Colombian Communist Party in its congress in August 1944. (U)

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A leader of the rightist section of the Liberal Party is Dr. Eduardo Santos, an ex-President and publisher of the leading Colombian newspaper, "El Tiempo". Santos is the outspoken foe of the Communists and at present is waging a steady editoral campaign against the Communist movement. The Communists in turn have not hesitated to attack Dr. Santos and "El Tiempo" in their newspaper, "Diario Popular." S U

Colombia is one of the Latin American countries which has exchanged diplomatic relations with the Soviet Union and SIS personnel have been making a discreet investigation to determine the subversive activities of the Soviet representatives. Emphasis has also been placed on the investigation of party activities which indicate a close collaboration of Communist cliques in other countries. S U

Communist Party leaders dominate the executive positions of the Colombia Confederation of Labor, which in December of 1944, was host to the Second General Congress of the entire Confederation of Latin American Workers at Cali, representing some 3,800,000 Latin American workers. SIS representatives in Colombia through their complete informant coverage of Communist activities, were able to procure full details regarding the delegates to Congress and the resolutions passed by it. Information developed by SIS Agents revealed considerable evidence that Communist labor intends to influence or control to a great extent the proceedings at the peace conferences following the present war and that the Labor Confederation may have been organized to replace the Third Communist International as a coordinating agency for Communist policy throughout the world. S U

SIS representatives advise that Communist leaders organized and dominated the First Conference of Petroleum Workers held in Barrancabermeja, Colombia, April 15-19, 1945, where they followed the political policy laid down at the Congress of the Confederation of Workers of Colombia (CTC) and especially the program of the Second General Congress of Confederation of Workers of Latin America (CTAL) in Cali, Colombia, December 10-15, 1944. At the Conference of Petroleum Workers the Federation of Petroleum Workers of Colombia was formed and the Communists won key positions in the organization. Rafael Godoy, member of the Communist Central Committee was named President while Elias Pineda became Vice President and Gabriel Montoya Secretary of Organization and Propaganda. The conference was well attended by representatives from various oil companies in several Latin American countries as well as by prominent Communists from the Colombian Communist Party, which is now known by the new name of Partido Socialista Democratico. President Godoy is reported, by SIS representatives, to have made the statement that the majority of the workers present at the conference were either Communists, Communist sympathizers, or subject to Communist influence. Among other matters, the platform of the Petroleum Workers Organization calls for support of the regime of President Alfonso Lopez of Colombia and for the nationalization of the petroleum industry of Colombia. The new Federation is reported to have 6,200 workers and its economic and political importance is reported to be very great. SIS representatives believe that the Federation will closely follow the Communist line of its leaders. S U

German attempts at espionage and sabotage continued during the past year in Colombia. Through the efforts of SIS representatives, four confessed agents of the German Apfel Sabotage Organization were interned in Colombia during the past fiscal year. SIS representatives were also instrumental in having the Colombia National Police raid the farm of George Roppel, formerly executive of the German-Controlled SCADTA Air Lines in August, 1944. At the time confidential administrative and personnel files of the company were seized. Some 1,800 documents were secured from which valuable information concerning Nazi activities in Latin America was obtained. This information revealed conclusively that the German Air Ministry and the NSDAP exercised influence and authority over the personnel and policies of the SCADTA company while it operated in Colombia. X U

During the past fiscal year SIS representatives were also instrumental in having a presidential decree issued regulating the production and sale of platinum in Colombia. The decree provides for the licensing of all platinum dealers who must maintain books in which are recorded the details of all their transactions. They are permitted to sell the metal only to the Colombian bank. SIS representatives believe that through a vigorous enforcement of this decree contraband traffic in platinum will be reduced to a minimum. X U

During the past fiscal year we have had two Police Liaison Agents in Colombia. They have worked closely and successfully with local police authorities. However, on March 27, 1945, a complete reorganization of the Colombian National Police organization took place. Lieutenant Colonel Carlos Alvarez of the Colombian Army was named Sub-Director of the police. Dr. Castilla Saiz was named Secretary General, while Major Miguel Pelle Paz became the Sub-Director of the police school. The SIS Legal Attache in Colombia reports that these changes were not of a political nature and that he does not believe that they will adversely effect the Bureau's relation with the Colombian National Police. X U

F. Costa Rica

Through the continued development of sources of information, contacts and general confidential informants, our two representatives in Costa Rica have attained an efficient and comprehensive coverage of all important activity in the country. They also have a radio transmitter in the Costa Rica SIS office which has proven of great value in SIS work.

With the termination of the war in Germany there came a considerable change in the intelligence picture in Costa Rica and our SIS representatives report a significant increase in Communist and Japanese efforts.

Diplomatic relations were established between the Soviet Union and Costa Rica during the past fiscal year and as a result Manuel Mora, head of the Communist Party in Costa Rica, has been enjoying increasing power and influence. SIS representatives have determined that Mora is maintaining close relations with Communist leaders in other Latin American countries. In Costa Rica the Communist Party operates under the name of "Vanguardia Popular". This organization was influential during the past year in bringing about the election of Teodoro Picado as President of the country.

During the past fiscal year SIS representatives have uncovered evidence of a Japanese attempt to establish intelligence agents in Costa Rica. During February, 1945 an agent named Hernan Casas Cordero arrived in Costa Rica after having spent some time in Guayaquil, Ecuador and Panama, R. P. When taken into custody and questioned, Casas admitted that he had been propositioned to work for the Japanese Government by Naoya Nagamine, formerly Secretary of the Japanese Embassy in Panama and later of the Japanese Embassy in Santiago, Chile.

SIS representatives in Costa Rica have continued to gather commercial and financial information which has been of great assistance in the evaluation of political movements in Costa Rica.

With the termination of the war in Europe, SIS has recognized the importance of establishing liaison with the Costa Rican Police authorities. On May 20, 1945, the Legal Attache in San Jose was instructed to arrange for the local police department to request the service of a Police Liaison Agent. It is expected that within the near future, this invitation will be received enabling SIS to further strengthen its intelligence coverage in Costa Rica.

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C. Cuba (S U)

Dating from the election of President Ramon Grau San Martin in June, 1944, the Cuban Government experienced a complete turnover in the administration of its executive, military and police branches. Under the Batista government, SIS personnel in Cuba had established a close, efficient liaison with officials of the Cuban National Police, which afforded the Bureau perhaps better coverage in Cuba than in any other Latin American nation. Most of these officials were forced into exile with the change in government, but SIS representatives have been very successful in building new contacts and establishing effective relationships with the new government and police officials so that coverage in Cuba is still excellent. (S U)

The political situation in Cuba is unsettled at present, principally due to the inability of the Grau administration to solve shortages in meat, milk and other essentials. One of the most unique results of the reported inefficiency of the Grau administration is the present shortage of sugar in Cuba, which has necessitated the freezing of all sugar supplies until a system can be devised whereby the Cuban people will receive a sufficient supply. Internal dissension within Grau ranks has been evidenced by the open enmity of his revolutionary adherents for his so-called "Palace Clique" which is led by Chief of Police Jose Carreno (Fiallo), Sub-Secretary of Defense Dr. Luis Collado and Army Chief of Staff General Genoveve Peres. The revolutionary groups have served notice on Grau that they consider this clique is responsible for blocking the "true revolution" in Cuba, and if not eliminated, the revolutionaries will be forced to take things in their own hands. On April 24, 1945, Enrique Enriquez, head of the Cuban Palace Secret Police which serves as a bodyguard to the President, was murdered in downtown Havana by three assailants who machine-gunned him from a passing automobile. It was generally acknowledged the assailants were members of the revolutionary group, and the murder was a warning to Grau that the revolutionaries would stop at nothing to accomplish their ends. It is of interest to note that Enriquez, who was assassinated at 10:30 a.m. had a luncheon engagement for 1:00 p.m. with our Legal Attache on the same day. (S U)

The revolutionary groups in Cuba are the offspring of numerous secret organizations formed in 1932 and 1933 to combat the dictatorship of former Cuban President Gerardo Machado. Ramon Grau San Martin, a professor in the University of Havana Medical School, at that time, was regarded as a true exponent of the principles professed by these revolutionary organizations. Throughout the succeeding years, the revolutionary groups have opposed the various administrations set up in Cuba, and have resorted to blackmail, kidnapping and terrorist activities in the name of the "sacred revolution." Under the Batista administration, a special Police unit, under Major Mariano Faget, was established to control these elements, and numerous revolutionaries were arrested and convicted of violent crimes. These same elements, through their continued support of Grau San Martin, are now in control of many branches of the Cuban government, and although it is stated that Grau is not in favor of their violent methods, he is reportedly unable to restrain them successfully. (S U)

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The SIAE Division (Servicio de Investigaciones de Actividades Enemigas) of the Cuban National Police, which is the branch with which Bureau personnel has cooperated closely in its hemispheric security program, was under the control of Major Mario Salabarria during most of the past year. Salabarria, although he is a revolutionary with no previous police experience, proved to be a valuable source of information and was most cooperative with our representatives in Cuba. President Grau, himself, advised our Legal Attache that it was his intention to establish the Cuban Police as an efficient, military, non-political organization similar to the Federal Bureau of Investigation. &U

Throughout the year, numerous cases within the primary jurisdiction of the Bureau have been referred to SIS personnel in Havana. During the last eight months of the fiscal year, twenty-four Selective Service cases have been forwarded to Cuba for investigation. Other Federal violations which have been handled by SIS personnel in Cuba included White Slave Traffic Act cases, Passport and Visa matters, Impersonation, Customs Laws and Smuggling, NSPA, UVAP, Servicemen's Dependence Allowance Act, Illegal Wearing of the Uniform, Theft of Government Property, Federal Reserve Act, Censorship Violations and others. In February, 1945, one [redacted] b7C was apprehended by Cuban National Police at the request of our Legal Attache, due to the numerous conflicting stories he had told concerning his background and because he had in his possession documentation made out in several different names as well as both R.C.A.F. and United States Naval uniforms. Inquiry of the Bureau reflected [redacted] was a fugitive from process issued by the United States Commissioner at Newark, New Jersey, for illegally wearing the uniform of a friendly power, i.e. Canada. Further investigation at Miami, Florida, reflected subject had stolen the United States Naval property, had illegally worn the uniform of a Canadian officer in Florida and had married [redacted] b7C of Summit, New Jersey, under an alias and succeeded in getting his wife to withdraw her savings of approximately $1200 which subject promptly spent. Arrangements were made to return the subject to the United States, where he was sentenced to sixteen months' imprisonment by the Federal Court at Miami, Florida on June 1, 1945. Deportation proceedings are pending against the subject after he serves his prison sentence. &U

Prior to the termination of the European war, the SIS personnel in Havana maintained an extensive Foreign Travel Control program, which was closely coordinated with the program established by the Bureau. Members of the Office of the Legal Attache, in conjunction with Cuban Police agents, interviewed all passengers arriving in Cuba from Europe and forwarded interrogation reports to the Bureau. These passengers disembarked in Havana from Spanish vessels which arrived every six weeks carrying an average of 150 passengers to Cuba on each trip. Passengers were interrogated for data of value to the war effort, as well as information concerning their background, political sympathies and reason for travel to this hemisphere. The Havana office also prepares memoranda regarding passengers proceeding by air from Havana to Miami, Florida, which are forwarded directly to the Miami &U

Field Division so these data are available when the passengers arrive. The names of all passengers embarking at Havana for Europe on Spanish vessels are searched against our Havana office indices and arrangements are made for the interrogation of those passengers concerning whom derogatory information is recorded. X U

In the field of subversive activities, the SIS personnel in Cuba has handled several espionage cases which originated with [redacted] b2 [redacted] The most recent of these involved Gregorio Torre (Bedoya), a resident of Gijon, Spain, who was contacted by German espionage recruiters in Spain, and was to receive secret ink training to assist him in the transmission of espionage data from Cuba. Torre (Bedoya), whose salary was to be fifteen hundred pesetas per month, arrived in Cuba in April, 1945. Interrogation at Trinidad and investigation by our representatives in Havana have indicated that the subject was actually approached by German officials in Spain, but apparently did not accept any espionage assignment. With the recent unexpected release of practically all the pro-Nazi Germans who had been interned by the Cuban Government at the Isle of Pines, it will be necessary to maintain adequate coverage of this group in an effort to determine what postwar line will be followed. It has been reported that the leaders of this group have already set in motion an anti-Semitic movement in Cuba, which is utilizing the same type of propaganda that served the Nazis in Germany. X U

Informant coverage on Communist matters in Cuba has been very productive and of great value to the Bureau, inasmuch as Cuba is the center of extensive Communist activities. For a time, it appeared that the administration of President Grau San Martin would curb the Communist influence over the Cuban labor unions, but the control of the Confederacion de Trabajadores de Cuba (which effectively dominates practically all the Cuban labor unions) has remained in Communist hands, and recently, the Grau Government has allotted $725,000 for the construction of a Cuban labor palace. This has been regarded as a payment to the Communists for their continued support of the present administration. Russian diplomatic representatives have been very active in promoting cultural and propaganda activities in Cuba directed at the intellectual elements as well as the Cuban masses. Extensive coverage is being maintained on this phase of Communist activities. (More complete data on Communist matters in Cuba may be found in the section of this report dealing with Communism). X U

H. Curacao, N.W.I. (U)

A Bureau agent was assigned to the American Consulate at Curacao, Netherlands West Indies, on August 23, 1944. This agent has been successful in establishing close liaison with Dutch, British and American authorities operating in that territory. The importance of the Netherlands West Indies to the war effort is based on the fact that practically all of the output of the numerous Venezuelan oil fields is refined in these Dutch Islands. It is recalled that the refineries in Aruba, N.W.I. were shelled by a German submarine in early 1942 and the security of these islands has been of primary importance to the Allies since the war began. (U)

The Legal Attache in Curacao has been particularly effective in maintaining close relations with Dutch officials. Considerable information of value concerning the Netherlands has been obtained from these sources for the SIS European Desk. In addition, several Dutch officials presently in Curacao who formerly served in the Netherlands East Indies, have been contacted by our SIS representative and have expressed their favorable regard for the Bureau. They advised they would be ready and willing to cooperate with Bureau representatives in the future. These officials eventually expect to return to their former posts of assignment in Java, Sumatra, Dutch Borneo and other oriental possessions of the Netherlands and in the event of world-wide intelligence coverage by the Bureau, it is believed they will prove to be valuable sources of information. (U)

The SIS representative in Curacao has also conducted investigations relating to smuggling, espionage, sabotage, Selective Service and Communist activities. A Communist inspired strike against the Raymond Concrete Pile Company [redacted] in Curacao was of special interest because of the allegation that a Communist leader from the United States had been sent to Curacao to foment trouble among the workers employed in a construction project of this company. (U)

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I. Dominican Republic X U

Throughout the major portion of the past year, the work of the Bureau in the Dominican Republic has been handled by one Special Agent. The majority of cases have dealt with the Communist activities of the numerous Spanish refugees in the country. Despite the antipathy of Dominican President Rafael Leonidas Trujillo towards Communism, various Spanish Communist groups flourished in the Dominican Republic until the early part of 1944. Since that time, the strict suppressive measures adopted by the Dominican government have driven practically all active Spanish Communists to other Latin American countries, principally Venezuela and Mexico. The Legal Attache in the Dominican Republic has conducted considerable investigation concerning the background and Communist sympathies of these refugees so that a complete picture is available to Bureau representatives in the countries of their destination. X U

Informant coverage and effective police liaison is a difficult problem in the Dominican Republic due to the fact that President Trujillo, a true dictator, has a very extensive internal espionage network. Government informants are recruited in all walks of life and the peoples' constant fear of the government makes it extremely difficult to develop sources of information who will report anti-Trujillo data. The thousands of Dominicans, who were exiled by Trujillo because of their political opposition have finally managed to submerge their personal differences in an effort to form a unified movement to overthrow the present Dominican regime. These exiles, who have formed anti-Trujillo organizations in Cuba, Venezuela, Mexico, Puerto Rico and the United States are readily cooperative with American authorities, since they hope that the United States will assist in ridding their country of its present government. Members of the Dominican Revolutionary Party have proved excellent sources of information both on Dominican affairs and on other subjects of interest to the Bureau. This is especially true in Cuba, where most of the leaders reside. X U

There has been little German activity in the Dominican Republic during the past year, reflecting the results of the Dominican expulsion policy which effected the internment in 1942 of all known German pro-Nazi sympathizers of the Dominican Republic in the United States. Carl Hertel, head of Nazi activities in the Dominican Republic prior to his repatriation to Germany in March, 1942, was reported as head of the NSDAP in Valencia, Spain in 1944 and in control of German Consulate affairs in that city. The Legal Attache is presently endeavoring to obtain complete background and descriptive data on other pro-Nazi repatriates to be forwarded to Bureau representatives in Germany. X U

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Spanish Falange activities are rather limited at present, although there has never been any serious attempt to suppress the Falangist front organizations, which include in their ranks many of the most prominent merchants in this country. It has been necessary to maintain adequate informant coverage of this group, which was noted in the past for its pro-Nazi sympathies. SU

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J. Ecuador (U)

In Ecuador the Office of the Legal Attache continues to maintain adequate coverage in the intelligence field. As a result of confidential informants which have been developed it has been possible to accurately follow political developments, economic activities and subversive movements. (U)

The relations between the present Legal Attache and the American Ambassador, Robert Scotten, are very close and the Legal Attache's Office is able to help the Ambassador in many fields of endeavor. The Ambassador has come to rely upon the Office of the Legal Attache to secure reliable and confidential information and has expressed his appreciation for the services rendered to the Embassy by Bureau representatives. (U)

Alleged Pro-Nazi Employee in Embassy

Allegations were received that a forty-six year old Ecuadoran messenger employed at the Embassy at Quito, Ecuador had made alleged pro-Nazi and Anti-United States declarations. The Ambassador requested the Legal Attache's Office to investigate this individual and evidence was ascertained which indicated that the subject had been an admirer of Adolf Hitler and frequently been in contact with German individuals in Ecuador. Although no evidence was secured which demonstrated that the subject was at the present time involved in pro-Nazi activities the Ambassador was appreciative of securing complete background data with respect to this employee. (U)

Police Liaison

Police liaison representation in Ecuador has been successful and has required ingenuity and intelligent action on the part of Bureau employees due to the difficult political ramifications implicit in the explosive government which have characterized Ecuador. Although during recent months there has been no liaison agent in Ecuador, Ecuadoran authorities have continuously requested police liaison representatives and have indicated that they wish to secure instruction and aid from well trained Bureau representatives. As a consequence it has been deemed advisable to supply a police liaison agent for this country. It is believed that this representative would be able to maintain and improve the cooperative relations with authorities in Ecuador and will thus aid in the effective functioning of Bureau representation in this Republic. Ambassador Stetten expressed himself as in favor of having a Bureau agent in Ecuador who speaks Spanish fluently and an expert in organizing police matters. This recommendation has been complied with. (U)

Communist Activities

Through informants the Office of the Legal Attache maintains efficient coverage of Communist developments in Ecuador. It is reported (U)

that recently Pedro A. Saad, a prominent Ecuadoran Communist and labor leader, has been active in furthering the Communist influence in the labor unions in Ecuador and has been in close association with the Mexican labor leader, Vicente Lombardo Toledano. The Communist elements supported the revolution which established the present regime of Velasco Ibarra and secured representation in the new government although through recent differences with the president the Communists have turned against this government and have resigned from their positions. S U

Diplomatic relations have almost been completed between Russia and Ecuador concerning the recognition of Russia and it was expected that these negotiations would be completed by the time of the San Francisco Conference. However, diplomatic relations have not finally been established and the Legal Attache reports that the Ecuadoran Minister of Foreign Relations, Camilo Ponce Enriquez, has been the strong activating factor retarding the establishment of these relations. S U

After the May, 1944 revolution the Communist Party was able to freely work as a legal political party and to disseminate propaganda and in the elections for the Constitutional Assembly 12 Communist members were chosen out of 95 representatives. Since the revolution of May, 1944 the Communists have developed a considerable number of sympathizers within the Army of Ecuador and it is reported by the Legal Attache that the Communists now plan to secure members among the privates and low ranking officers of the armed forces. In this regard it should be noted that the national police unit (Guardia Civil) at Guayaquil is still dominated by Communist elements. S U

Safe Haven - Flight of Axis Capital S U

The Bureau representatives in Ecuador have been continuing investigations with the objective of securing information concerning the possible flight of Axis capital to this Republic and as to the operations of German organizations and commercial firms in Ecuador. Information has been submitted by the Office of the Legal Attache setting forth background data with respect to Axis controlled organizations and concerning the economic position of German firms in the commercial structure of Ecuador. This information has been of value to the Bureau and to other government agencies, particularly to the Foreign Economic Administration and to the Safe Haven Project of the State Department. Information has been submitted including facts concerning the assets of Axis controlled firms and concerning the blocked property control of the Ecuadoran Government. The Legal Attache is increasing his coverage in this field in an endeavor to obviate the continuance of Axis economic policy in this Republic. S U

Rubber Smuggling from Ecuador to Argentina S U

On March 14, 1945 an informant of the Legal Attache at Quito, Ecuador advised that while conducting routine investigations of cargo being shipped from Guayaquil, Ecuador on the SS "Pericles", a Holland Line vessel which was en route to Buenos Aires, Argentina, it was noted S U

twenty-five barrels which contained castor oil consigned to the firm of R. Bazzi were similar to the barrels stored on the premises of Julio Salvador (Gaskell) who was under suspicion by Ecuadorean authorities for possible smuggling activities. As a result of these suspicions the informant checked this cargo and ascertained the bottom portion of one drum of castor oil concealed approximately 110 pounds of raw rubber. Examination of the remaining twenty-four barrels likewise disclosed that each contained a similar quantity of raw rubber. It was ascertained that the barrels had been removed previously and that small spikes had been welded into the sides of the drums to which were affixed wires which held the raw rubber in place in the bottoms of the barrels which prevented movement which might have disclosed the rubber content. S U

Investigation by the Office of the Legal Attache disclosed that the welding had been done by Augustin Jaramillo at Guayaquil, Ecuador. He was arrested by Ecuador authorities and during an interview with an agent of the Bureau he admitted that he had been employed in this manner in order to aid in this contraband activity. There have been other cases of rubber smuggling in Ecuador and through informants developed through the Office of the Legal Attache this activity has been in a large measure thwarted. S U

Political Trends

Since the revolution in Ecuador in May, 1944 which established the present government of Velasco Ibarra political, social and economic conditions in Ecuador have been in a very turbulent state. There have been continual rumors of a possible revolution to overthrow this regime and the Office of the Legal Attache has through informants followed this activity closely. In this connection it is of interest to note that there are various exiled elements who have planned action against the present government and among these is one General Ricardo Astudillo who has been a resident of Washington, D. C. Through Bureau informants in Washington, D. C. and through informants in Ecuador it has been possible to keep a close observation of these various trends and reliable information regarding the possibilities of revolutions and similar activities has been furnished by the Bureau to the State Department and other interested government agencies. In connection with political conditions in Ecuador there also has been recently some information to the effect that trouble might develop between Ecuador and Peru inasmuch as the boundary settlement completed within recent years between these countries has been unsatisfactory from the standpoint of Ecuador. This matter has been closely followed through contacts in the Office of the Legal Attache at Quito, Ecuador and the Office of the Legal Attache at Lima, Peru. S U

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K. Guatemala (S)(U)

In Guatemala SIS personnel, which during the past year has consisted of a Legal Attache with one assistant and a Police Liaison Agent, has continued to maintain an effective coverage of all political movements. As a result, our SIS representatives were able to make accurate predictions as to the revolutions which occurred there during the past fiscal year. (S)(U)

On July 1, 1944, after having been in power for thirteen years, General Jorge Ubico, President of Guatemala, was forced to submit his resignation as the result of agitation against his regime by political opponents. General Federico Ponce was appointed First Designado and as such exercised the presidential authority. The rule of General Ponce, however, was short-lived as on October 20, 1944 a second revolution occurred which resulted in the overthrow of General Ponce and his cabinet and their subsequent exile to Mexico. A provisional Government was then established which maintained order until the elections of December 17-19, 1944 at which time Juan Jose Arevalo was overwhelmingly elected to the Presidency. As reported by SIS representatives Arevalo had resided for years preceding in Argentina where he had adopted Argentine citizenship without giving up his status as a citizen of Guatemala. He was known as an anti-Fascist and had associated with Communists but was not known to be pro-Communist in his views. (S)(U)

On January 22, 1945 the newly formed government issued a decree breaking relations with Spain for which Arevalo was praised by the Communist leaders of Central America. Opposition to the Arevalo government, however, has continued led principally by Colonel Carlos Padilla y Padilla and other military men. A revolution was plotted by them but failed to materialize and on April 7, 1945 Colonel Padilla was exiled from the country along with other prominent oppositionists. SIS representatives report that since that time Colonel Padilla has been traveling throughout the other Central American countries attempting to enlist the aid of various revolutionary groups in his crusade to overthrow the Arevalo government. (S)(U)

It has been reported by SIS representatives that General Federigo Anzueto, a member of the Guatemalan cabinet during President Ubico's regime, is the brains behind the present revolutionary movement. General Arevalo is at present in the United States but is kept informed on any developments in Guatemala. A considerable portion of the Guatemalan army is reportedly ready to assist Colonel Padilla in his revolutionary plans. (S)(U)

The SIB Legal Attache's office reports that during the regime of General Ubico Communism in any form was suppressed Communist opposition (S)(U)

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was directed from aboard principally from Mexico where Alfonso Solarzano was active in disseminating propaganda against the Ubico government. When General Ubico resigned, Solarzano immediately proceeded to Guatemala. SIS representatives in Mexico have advised that while in that country Solarzano was in frequent contact with the Soviet Embassy there. While the Arevalo government was at first hailed by Communist and Leftist groups it has recently shown a tendency to become more conservative. SIS sources report that a cabinet shakeup is presently pending in Guatemala reportedly to appease the army and the property and industrial interests. S U

During December, 1944, friction between the governments of El Salvador and Guatemala over the influx of Salvadoran revolutionists from Guatemala reached the point where the border was closed and communication facilities between the two countries severed. However, on March 10, 1945 the border was reopened, communication facilities re-established and SIS representatives report that the possibility of hostility now appears remote. S U

During the past fiscal year SIS representatives in Guatemala developed information showing that a representative of the Spanish News Agency, EFE, one Manuel Enrique Penalla de Silva, was pro-Falangist and pro-Nazi, with the result that the United States State Department requested that he be deported from the Western Hemisphere as an undesirable alien. On October 12, 1944 de Silva left Guatemala en route to Spain after an unavailing appeal to President Roosevelt. S U

SIS representatives also succeeded during the past year in establishing very close and cordial relations with the Guatemalan National Police. The Guatemalan Government established a new crime bureau and a representative of the FBI made a very thorough examination of all facilities then existing in the crime laboratory and made recommendations as to the minimum equipment and facilities which would be needed to operate efficiently. At the request of the Guatemalan Government an SIS Police Liaison Agent was assigned to Guatemala and on April 16, 1945 he opened a police school for Guatemalan police officers. The school is supposed to continue until July 16, 1945 when diplomas will be awarded to the class of seventy-six students including the Director of the Guardia Civil and all the assistant directors. The SIS police training which is being provided the officers of the Guardia Civil is proving most helpful, as most of the Guatemalan officers were not on the police force until after the October 20, 1944 revolution and they have had no previous instructions in police work. As a result of these SIS efforts, the Bureau has received a great deal of favorable publicity in Guatemala and Central America. S U

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L. Haiti

As in the past, the Bureau's Representative in Haiti has maintained excellent relations with Haitian government and police officials. During 1943, our Civil Attache conducted a training school in Judo and practical disarming methods for selected members of the Garde d' Haiti. During the same year, a course similar to the Bureau's Practical Pistol Training Course was given to the Haitian Police, which is a division of the Garde d' Haiti. Since that time, the Haitian Police have been extremely cooperative with the personnel of the Bureau. In August, 1944, Lieutenant Jacques Etienne, Chief of the Criminal Research Bureau of the Port-au-Prince Police Department, requested our Civil Attache to forward to the FBI Laboratory two forged checks, together with the known handwriting specimens of three suspects. The Laboratory report indicated one of the suspects had forged the checks and when confronted by this evidence, the suspect confessed. In an exceedingly backward country like Haiti, methods of scientific crime detection are practically unknown and the results of this case caused a great deal of favorable comment. A further progressive step was taken by the Port-au-Prince Police Department in May, 1945 when it announced the establishment of a regular fingerprint filing system. Prior to that time, fingerprint cards were maintained in a haphazard manner for the personal aid of the criminal division. It is now contemplated that the files will be properly indexed, the prints will be classified and maintenance will be such that the prints can actually be used by the police. Under present Haitian laws, testimony regarding fingerprint comparisons is legally inadmissible, but an attempt is being made to introduce legislation to change this antiquated rule.

Haitian-Dominican difficulties are still evident, with troops of both countries being continuously stationed at the border. On October 6, 1944, the Port-au-Prince Police Department arrested eight individuals involved in a plot to assassinate President Elie Lescot. The conspirators furnished signed statements naming Augusto Ferrando (Gomez), Dominican Consul at Belladere, Haiti as the ringleader. Ferrando escaped from Belladere to the Dominican Republic, but fifteen revolvers alleged to have been furnished by him to his coconspirators were seized by Haitian authorities. At the personal request of President Lescot, the Civil Attache forwarded the serial numbers of these weapons to the Bureau to be checked through the Smith & Wesson Company, Springfield, Massachusetts. The check reflected the original purchasers or consignees of the revolvers were sports and hardware stores in different sections of the United States, all of which received the guns during the period of 1905-1908. Nevertheless, President Lescot advised our SIS representative that President Trujillo of the Dominican Republic was responsible for the assassination plot and he believed Trujillo had personally furnished the revolvers to Ferrando (Gomez) for distribution to the would-be assassins. Of the eight conspirators arrested, two were sentenced to death, five received prison sentences, and one was acquitted.

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In September, 1944, [redacted] informed that Ernest George Chauvet was an espionage agent of the German Ast located at Angers, France. Chauvet, an outstanding newspaper editor in Port-au-Prince, Haiti who has been openly anti-United States for years, had returned to Haiti from France in 1942. His son, Pierre Chauvet, is married to a daughter of President Elie Lescot. Despite thorough investigation which had to be conducted in a most discreet manner because of the connections of the subject, no evidence has yet been obtained indicating Chauvet actually carried on espionage activities in Haiti. XU

Although there has been little resistance to the Lescot regime in Haiti during the past year, there is some recent evidence that an organized opposition movement is being formed. In June, 1945, the Haitian government passed a decree establishing military censorship of all domestic mail, indicating the fear of the government that anti-administration activities are spreading. The Civil Attache is in close contact with the situation and the Bureau is being kept informed of all developments. X U

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H. Honduras

Until the past year Honduras and Panama were the only Latin American countries in which the Bureau did not have a representative in an official capacity.

In Honduras, United States Ambassador John D. Erwin did not desire a Bureau representative as a member of his staff and until recently it was necessary, therefore, for SIS to confine its activities to under cover work. In that capacity we had one representative.

However, during the past year a situation arose in the American Embassy in Honduras with the result that the United States State Department itself requested Bureau assistance. [redacted] the Embassy [redacted] was charged by [redacted] with an attempt to extort $25,000 from a wealthy German who resides in that country. The money was to be paid to [redacted] for preventing the German's internment as a German national. The United States State Department requested a Legal Attache to be sent to Honduras and a very discreet investigation was conducted. b7C

At present SIS has a Legal Attache and one Police Liaison officer stationed in Honduras. They report that the two leading revolutionary groups of Honduras are headed by Dr. Venancio Callejas, former military leader of the country, and by Dr. Angel Zuniga (Hueta) leader of the Liberal Democratic Party. These two forces are now cooperating in an attempt to overthrow the government of President Tiburcio Carias (Andino). Dr. Zuniga has spent the last eight years in exile in Mexico. SIS representatives in Mexico have reported that Dr. Zuniga is a close friend of Vicente Lombarbo Toledano, the powerful Mexican labor leader, and that he is carrying out part of a scheme of the Soviet Embassy in Mexico to call strikes and general disturbances in Honduras so that the Carias government can be overthrown and a Communist government established.

A group of revolutionists appeared at an American mine known as the "Agua Fria" on November 12, 1944 and demanded dynamite and similar supplies for use in a pending revolt. At approximately the same time another group of revolutionists made up of approximately fifty men attacked the nearby town of Agua Fria in an unsuccessful attempt to establish a revolutionary regime. It was rumored that Honduran refugees had crossed the border into Honduras from Nicaragua and that they were making an attack on the city of Danli. Again on October 13-14, 1944 Honduran revolutionists from El Salvador crossed the border and temporarily captured the towns of San Marcos and Marcedes. On April 25, 1945 approximately one hundred revolutionists invaded Honduras from Guatemala capturing two small border villages and looting the local stores and governmental offices. However, there is no indication that the regime

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of President Carias is weakening and in each instance his forces have succeeded in suppressing the revolutionists. S U

During recent months some information has been developed by SIS personnel indicating possible attempts at a revival of Communist activity in the north coast region of Honduras, however, evidence is lacking as to any Communist success in this regard. No reports have been received indicating an organized Communist movement in Honduras. It has been reported, however, that during July, 1944 the Nicaraguan Embassy in Mexico City requested the Soviet Embassy there to send an agent to Honduras and the request was made under circumstances indicating that it was desired to incite ill feeling against the American Ambassador to Honduras. SIS representatives report that on May 8, 1945 a group of approximately one hundred and twenty-five Honduran women gathered in a public park in Tegucigalpa supposedly to celebrate the end of the war in Europe. However, political leaders took advantage of the occasion to remonstrate against the Carias administration and to demand the release of political prisoners who have been incarcerated by President Carias. Honduran police, however, arrested the leaders and dispersed the crowd. It may be noted that a protest against the regime of President Carias was presented to the San Francisco Conference with the request that "this bloody dictatorship be eliminated from the Americas." S U

Since the arrival of the Legal Attache in Honduras he has done a great deal of work with the Honduras National Police. The police had no identification system and our representatives explained to them the benefits of such a system and how it could be secured. On the basis of this information the Honduran Congress made the necessary appropriations for setting up an identification unit and the Honduran government made a formal request for a Bureau Identification expert to assist them in setting up their new identification office. The invitation from the Honduran government was approved by the United States State Department and an SIS Police Liaison Agent is now in Honduras cooperating with the local police. On April 18, 1945 he began instructing those Honduran police officials who had been chosen to manage the new Honduran Identification Department. S U

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M. Mexico

Espionage

During the course of the past year, extensive investigations have been conducted in Mexico with reference to German espionage activities. The major portion of the investigation of such activities has been of the Clog Case. This investigation has centered in Mexico and has been continued for several years during the course of the war. Ramifications of the case have necessitated investigations in a large number of countries throughout the Western Hemisphere, particularly Argentina, Chile, Brazil and Mexico. The group of German agents operating in Mexico has utilized every known means of communication of espionage information during the years they have operated. However, they have primarily used what is known as a microscopic dot attached to envelopes directed to various drop boxes in Argentina and European countries.

More than a year ago the facts of this case were presented to the Department of Justice for a decision as to possible prosecution of these agents in United States courts on the basis of conspiracy with other German agents who have operated in the United States. A decision was reached that no prosecution would take place in the United States but that consideration would be given to the presentation of information in this matter to the Mexican Government. During the current year, the matter of revelation of information developed in this matter has been before the War, Navy and State Departments and as a result it has been agreed that the information may be given to the Mexican Government with certain limitations as to the revelation of code material involved in this matter. Specific objections were made by the Navy Department to the giving of coded material to any other government. The agents in this case have not been as active during the past year as they were previously but, nevertheless, it has been necessary to follow the activities of these German agents very closely.

The general policy being employed since the unconditional surrender of Germany has been to interview, where possible and advisable, individuals involved in espionage cases in order to complete the picture which has been gathered during the course of the war of the extensive German espionage operations.

Although extensive investigations have been made for the possible uncovering of Japanese espionage activities in Mexico and a concerted effort has been made to develop confidential sources who could provide information concerning any possible Japanese espionage, these efforts have failed in definitely establishing the existence of any Japanese espionage group in Mexico. Recent information indicates that a German apprehended in Europe following the unconditional surrender of Germany expected to travel to Mexico and to take up connections with both German and Japanese espionage agents. A continued and concerted effort is being made to establish whether in fact there is existent in Mexico a Japanese espionage agent or organization.

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Fourth Inter-American Conference of Foreign Ministers

The Fourth Inter-American Conference of Foreign Ministers opened in Mexico City on February 21, 1945. This conference was a prelude to the Conference on International Organization at San Francisco, California, which began on April 25, 1945. The resolutions of the conference were compiled in what has been called the Act of Chapultepec.

At the request of the State Department, the Bureau assisted the American Delegation to that conference by furnishing an adviser, a former Legal Attache in Buenos Aires, Argentina, in order that the Delegation might be appropriately informed with reference to the most delicate Argentine problem which was expected to and did arise during the course of the conference. In addition, the Bureau handled the security angle at the conference and gathered and provided to the American Delegation considerable data concerning the delegates to the conference from various countries, their attitudes on certain matters, and their reactions to the various problems raised during the course of the conference. Mr. Avra Warren, Assistant to Secretary of State Edward R. Stettinius, stated that material on German espionage in Argentina and German-Argentine penetration in neighboring Latin American countries which was prepared by the Bureau was valuable because it put the United States Delegation in a solid position to carry on its negotiations. He stated that the material was an excellent insurance.

Prior to the conference, a security survey was made of the telephone system of the United States Embassy, Mexico City, and arrangements made for the correction of certain faults in the system which endangered the security of telephonic communications. Confirmatory information was developed that the Mexican Government had a system through which telephonic communications throughout Mexico City could be monitored and appropriate arrangements were made whereby the Bureau, and in turn the Ambassador and State Department, might be advised should the Mexican Government monitor any calls of the United States Embassy.

Assistance to Mexican Law Enforcement Officials

During the current year, as previously, Bureau representatives in Mexico assisted Mexican law enforcement officials in various matters and have closely collaborated with them on matters of interest to both Mexico and the United States. As an example of the assistance afforded them, Mexican police officials requested the assistance of the Bureau in the location and apprehension of [redacted] and her associate in crime, [redacted] These subjects were badly wanted fugitives and were thought to be proceeding to the United States. They were wanted for violation of narcotic laws in Mexico and a warrant had been issued for their arrest. As a result of their request in this matter,

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appropriate stop notices were placed with the Immigration and Naturalization Service to cover border points on both the Mexican and Canadian borders. In addition, investigation was conducted for the purpose of determining definitely whether these individuals had entered the United States. Investigation in continental United States resulted negatively and subsequently these subjects were arrested by Mexican authorities in Mexico. (U)

Another example of cooperation with Mexican authorities has been the class in cryptanalysis conducted by a Special Employee of the Bureau [redacted] in the Post Office Department of the Republic of Mexico. b7C This class has been conducted with the backing of Postmaster General Jose Maria Tapia, who has shown great interest in its organization and progress. The purpose has been to train a group of cryptanalysts to serve during the present emergency and also to serve as a nucleus to train others in the event of some future emergency or necessity for their services. The class was composed of twenty-three students, all of whom were employees of the Post Office Department and some of whom found it necessary to discontinue the class because of the demands on them in their ordinary duties. Two of the students may be said to be fully qualified and well equipped to handle cryptanalysis work and eight have kept abreast of the class work but are not as yet fully qualified. A course of training included substitution ciphers of all types, regular transposition, preparation of original frequency tables of the Spanish language, letters, bigrams and trigrams, polyalphabetic substitution, irregular transposition and codes. This Special Employee has in addition served the Mexican Government as a censor of mail and has been given a censor's number. As a result of this, he has obtained considerable valuable information for the Bureau, particularly in connection with espionage activities. (U)

Proclaimed List of Certain Blocked Nationals (U)

The policy of the American Government during the current year has been to make no additions to the Proclaimed List except in most unusual cases. It has been the policy to remove from that list those individuals whose economic activities and possibilities were not considered of probable detriment to the war effort. As a result numerous persons and business firms in Mexico have been removed from the Proclaimed List. The only neutral in Mexico presently appearing on this list is Axel Leonard Wenner-Gren, a Swedish multimillionaire, who was placed on the list in January, 1942. He has made extensive efforts to be removed from the list and during the course of the present year the Bureau has conducted extensive investigations to definitely establish his past activities. (U)

The extensive investigation was originally undertaken at the request of the State Department and subsequently additional investigation was conducted upon the specific request of the War Division of the Department of Justice. Investigation in this matter necessitated extensive inquiries in (U)

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the United States, Canada, England, Sweden, Mexico and other Latin American countries. Numerous interviews were conducted in Sweden by a Special Agent of the Bureau sent for that specific purpose to Stockholm, Sweden. It is interesting to note, in addition, that former Field Marshal Hermann Goering, subsequent to his surrender to the United States Army in Germany, was interviewed in detail with reference to his associations and connection with Wenner-Gren. He furnished interesting information which has been supplied to the State Department, the United States Ambassador to Mexico, and the War Division of the Department of Justice for consideration in connection with the Wenner-Gren matter. ✗ U

Selective Service

The Bureau has conducted a large number of investigations with reference to Selective Service matters in Mexico during the current year. As an example of the extent of inquiries in these matters, eighty-eight investigations were completed during the first six months of 1945. In most instances these investigations were for the purpose of determining whether delinquents and fugitives from the United States were enrolled in the Mexican armed services. Such information is of assistance to the United States Attorneys in determining whether prosecution should be authorized or Public Law 431 of the 78th Congress should be applied. This public law is usually referred to as the Expatriation Act which is applicable to citizens or aliens who depart from or remain outside the United States for the purpose of avoiding service in the armed forces. Individuals to whom this law is applied are prohibited from re-entering the United States. Numerous other Selective Service matters have dealt with the gathering of information from various other sources in Mexico which would be beneficial in the determining by United States Attorneys whether different laws should be applied. The United States Consular Service in Mexico has been of some assistance in connection with these matters. ✗ U

Deserters

Numerous deserters from the armed forces of the United States have fled to Mexico and, as a result, our Civil Attache has conducted many inquiries upon request of the Bureau to locate and, in certain cases, effect, if possible, their return to the United States. Considerable success has resulted in these investigations. An interesting example has been the cases involving [redacted] and [redacted] These subjects were confined and subsequently escaped from the Texas Naval Air Station, Corpus Christi, Texas, on May 2, 1945. They stole two .38 caliber revolvers from guards at the Naval Air Station at the time of their escape and fled to Mexico. [redacted] was apprehended and through the cooperation of the Ministry of Gobernacion, Mexico City, was deported to the United States and, upon interview, provided information concerning the whereabouts of the other two subjects. Based on this information, the Civil Attache conducted an investigation in Mexico which resulted in their location and apprehension by Mexican authorities and their deportation to the United States. ✗ U

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Escaped Prisoners of War

The Civil Attache has conducted several investigations for the purpose of locating and having returned to the United States escaped prisoners of war. Hans Zeinet and Gunther Huss, two German escaped prisoners of war, and Ruggero Di Schiena, an Italian escaped prisoner of war, were located and returned to the United States. XU

Violators of Other Laws of the United States XU

Many investigative leads have been covered in Mexico by the Civil Attache in cases of subjects who have violated various United States statutes. Extensive investigation was conducted in the case of [redacted] for violation of the Registration Act. This investigation was a result of [redacted] acting in behalf of [redacted] in his efforts to be removed from the United States Proclaimed List. [redacted] endeavored to obtain fro[redacted] $100,000 for his efforts on [redacted] behalf. He was not registered with the Attorney General's Office or the State Department as an agent of [redacted] XU b7C

Extensive investigation was also conducted of [redacted] a notorious confidance man and fixer. Considerable information was gathered in Mexico. [redacted] was indicted by United States Grand Jury in Texas. The violation for which he was indicated came within the jurisdiction of the Treasury Department and further investigation in this matter is being handled by that Department. The United States Ambassador in Mexico has commended the Bureau through the Civil Attache in Mexico for its work in connection with [redacted], who caused considerable trouble in Mexico in 1942 and 1943. XU b7C

[redacted], a confidence man wanted for violation of the National Stolen Property Act, was located in Mexico as a result of extensive investigation on the part of our Civil Attache. Through the cooperation of the Ministry of Gobernacion, he was deported to the United States and entered a plea of guilty on May 10, 1945, at San Antonio, Texas, and was sentenced to serve three years in a Federal penitentiary. XU b7C

[redacted], another confidence man wanted for violation of the National Stolen Property Act in connection with a $12,100 swindle on July 6, 1944, was apprehended in Mexico as a result of investigation by our Civil Attache. He pleaded guilty on February 27, 1945, at Chicago, Illinois, and was sentenced to three years on March 2, 1945. XU

[redacted] was being sought by the Bureau for unlawful flight to avoid prosecution—murder—and as a result of investigation by the Civil Attache at Monterrey, Mexico, Mexican authorities effected his apprehension and returned him to Laredo, Texas, in May, 1945. XU

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[redacted] was a fugitive wanted for violations of United States laws in connection with a certain embezzlement in the Panama Canal Zone. An extensive investigation was conducted by various Legal Attaches throughout Central America and the Civil Attache in Mexico and he was finally located in Mexico operating a small hotel. Investigation to effect his apprehension was conducted at the request of the United States Attorney for the District of Panama who made appropriate arrangements through United States Embassy officials and the Mexican Government for his extradition to Panama. b7C

As a result of investigation by the Civil Attache, [redacted] a fugitive wanted by United States Post Office authorities, was identified as being identical with an individual of the same name who has been confined for a considerable length of time in the Mexican federal penal colony, Islas Tres Marias.

As a result of a request by the United States Veterans' Administration to the State Department, our Civil Attache effected, at the request of the United States Embassy in Mexico City, the deportation of [redacted] alias [redacted] had escaped from a Veterans' institution a number of years ago and subsequently used the name of another veteran whom he had known. [redacted] was a mental case. He succeeded in getting to Mexico and while there made many derogatory statements against the President of the United States and was most critical of the United States Government and the United States Embassy. His subversive activities resulted in his being confined by Mexican authorities in a penal colony. He had several thousand dollars with him when he went to Mexico and some of these funds were still in his possession at the time of this deportation. Many more thousands of dollars had accumulated for him as a result of benefits to which he was entitled as a result of his service and insurance carried by him during the last war. After his return to the United States by Mexican authorities, he was delivered to the Veterans' Administration in order that he might receive appropriate treatment. b7C

Spanish Activities in Mexico

Mexico has one of the largest colonies of Spaniards in the Western Hemisphere. It is estimated that there are over 40,000 Spanish citizens in Mexico. This colony has many persons of various ideologies concerning government and politics. Prior to and during the early days of the present war, there was considerable pro-Franco and Spanish Falange activity in Mexico. During the current year there has continued to exist a great deal of sympathy for the present regime in Spain. However, it appears that the great majority of Spaniards in Mexico are against Franco and are making every effort to effect his overthrow. The difficulty with their efforts has been the lack of agreement as to how this might be done. Mexico admitted entrance of a large number of refugees from Spain during and subse-

quent to the Spanish Civil War. A large number of the members of the Spanish Chamber of Deputies presently reside in Mexico. The attitude of the Spanish in Mexico has more or less served as a sounding board for other groups of Spaniards throughout the world who desire to overthrow the Spanish Government. Indalecio Prieto, Diego Martinez (Barrios) and Juan Negrin (Lopez) have been the main leaders of the most prominent groups in the Spanish movement to overthrow Franco. Our Civil Attache has conducted extensive investigations for the purpose of following closely the activities of the Spanish in Mexico in order that our Embassy in Mexico and the State Department might be aware of the various moves designed to eventually overthrow the Spanish regime. S U

One of the chief developments during the current year was the formation of a group called the Junta Espanola de Liberacion in which joined practically all of the Spanish groups in Mexico with the exception of those following Juan Negrin who has kept his center of activities in England. Representatives of this Junta went to San Francisco during the Conference on International Organization. Juan Negrin did the same and both the Negrin group and the group representing the Junta endeavored to gain a listening ear from the various delegates to the conference in order that some concerted support might be received in effecting the overthrow of the present Spanish Government. S U

All of these activities of the Spanish anti-Franco group were and are being closely followed.

Communist Activities in Mexico S U

During the current year increased coverage of Communist activities has been obtained by our Civil Attache and although previously our Ambassador to Mexico had expressed little concern relative to Communist activities, he has now indicated that he considers the activities of the Russians and the Communists of considerable importance. Mexico recognized Russia in 1942 and subsequently one of Russia's most able diplomats, Constantin Oumansky, was sent to Mexico City as Ambassador. Within a short time after his arrival in Mexico, Communist propaganda flowed freely. Mexico soon became recognized as the center of Russian activity in Latin America. S U

Oumansky, his wife, and various members of his Embassy staff were killed in the crash of a Mexican army plane in which they were proceeding to Central America on January 25, 1945. There have been numerous allegations of sabotage, however none of them have been substantiated. There are indications that Oumansky and his wife were both fearful of being killed shortly prior to their departure. The crash of the plane took place as it was leaving the airport in Mexico City. Since that time, Vasili Yakubovsky has acted as Charge d'Affeires of the Russian Embassy and there have been indications that he has either changed the policies with reference to Russian and Communist activities in Mexico or that he is completely unacpable of carrying on such activities with the success enjoyed by Ouzansky. S U

There are, however, a large number of Communists and extreme leftists in Mexico. The Communist line is followed by one of the most potent figures in the labor movement, Vicente Lombardo Toledano. Toledano is President of the Latin American Workers Union referred to as CTAL. He has a considerable following in Mexico and other Latin American countries. He has recently been named as a member of a committee to draw up a constitution for a world federation of trade unions and indications are that he will be a most important figure in this new labor group. Toledano has been extremely critical of the United States position with reference to Argentina and the seating of Argentina at the United Nations Conference on International Organization. Toledano and the German Free Movement known as Alemania Libre and various other Communist groups have been closely followed in order that the Embassy and other appropriate agencies of our Government might be well informed. X 11

Political Activities

The term of President Manuel Avila Camacho will expire in 1946 and elections are scheduled for that year. President Avila Camacho has endeavored for several years to discourage political activity with reference to the coming presidential election because of the war. Ex-President Lazaro Cardenas, Minister of National Defense, has been often respected as the leading political figure in Mexico and it has been expected that the man who receives Cardenas' support would be the next president. It was generally conceded approximately one year ago that Cardenas would support General Miguel Henriques, Commander of the Military Zone in the State of Jalisco. During recent months, the Minister of Governacion, Miguel Aleman, who managed the campaign of President Avila Camacho, has succeeded in making tremendous strides toward getting the nomination of the Party of the Mexican Revolution, known as the PRM. He has the overwhelming support of the present Congress and Senate and is also being supported by labor groups, including the followers of Vicente Lombardo Toledano. General Henriques has withdrawn and given public notice that he will not be a candidate. Confidential sources of the Bureau have kept our Civil Attache advised concerning political developments and information received has been provided to the American Ambassador in instances where the information was considered significant and not available to him from other sources. Considerable antagonism has been shown in Mexican circles to the position taken by Foreign Minister Ezequiel Padilla with reference to world affairs and he has been accused of being a stooge of the United States State Department. Padilla has recently resigned as Foreign Minister and it is unknown at this time whether he will actively campaign for the presidency. X 11

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O. Nicaragua

SIS representation in Nicaragua at the present time consists of a Legal Attache and his Special Agent assistant. According to reports from our Attache, Nicaragua is under the complete control of President Anastasio Somoza who rules with an iron hand. He is in control of the Army and of all the political forces within the country and there is virtually no effective opposition. His most serious opponents live abroad in exile; however, there are constant rumors of planned revolt. The leading Nicaraguan revolutionary figure is General Emiliano Chamorro who was president of the country as early as 1916 and who has been in exile in Mexico City since the early 1930's. Chamorro has as his assistants the Nicaraguan Generals Carlos Pasos (Leiva), Alfonso Estrada (Aragon), Elio Sanchez, and Carlos Castro Wassmer. SIS representatives reported that an active revolt was scheduled to take place during September, 1944, but that it failed to mature.

One of the matters which our Attache reports deeply concerns President Somoza is the recent Central American Union movement. President Somoza is reported to have stated that he is in favor of the spirit of the movement, but is convinced that its present activities are aimed to overthrow him and President Carias of Honduras. According to exponents of the Union Movement, it would result in lining up the "democracies" of Costa Rica, Guatemala, and El Salvador against the "dictatorships" of Honduras and Nicaragua. According to information which has come to the attention of the SIS Attache, President Somoza claims that the Central American Union Movement is being sponsored by the Mexican Government with the encouragement of the Soviet Union.

Nicaragua and the Soviet Union exchanged diplomatic relations on December 16, 1944. However, attempts to organize a Communist Party in Nicaragua have always met with government opposition. President Somoza has imprisoned and exiled those persons suspected of having Communist sympathies. SIS representatives have ascertained that those few Communist elements which are in Nicaragua have recently been receiving support and encouragement from the Communist Party of Costa Rica.

Recently as a matter of political expediency, President Somoza has permitted the organization of various political and labor groups. He also appears to have slightly relaxed his opposition to the Communists and has given tacit consent to the organizing of the Socialist Party of Nicaragua. This party was recently formed through the efforts of individuals formerly identified with the Communist Movement.

At present we do not have a police liaison agent in Nicaragua. However, during the United Nations' Conference in San Francisco, Lieutenant Francisco Aguirre Baca, the Military Attache of the Nicaraguan Delegation, expressed to Assistant Director Tracy an interest in purchasing necessary supplies and equipment for the issuance of

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identification cards. He was interested in the fingerprint system used by the Bureau and stated that he desired to take a set of fingerprints in connection with each identification card issued. Lieutenant Aguirre was shown a copy of the Bureau's Spanish publication on how to organize a small identification unit, and a copy of this prospectus has been forwarded to the SIS Legal Attache at Managua for personal delivery to Lieutenant Aguirre. It is anticipated that within the coming year, it will be possible to establish an SIS liaison officer in Nicaragua. S 2C

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P. Paraguay

Political

During the past year the country of Paraguay, led by admitted pro-Axis officials, has been the scene of considerable political unrest and tension. In December, 1944, the political influence wielded by pro-Axis Lieutenant Colonel Victoriano Benitez Vera was felt. Vera, a leader of an anti-United States and Fascist-type Paraguayan Military clique, was reportedly involved in a plan to force the resignation of the Chief of Police and the President of the Department of Labor. He succeeded in causing the labor head, Basiliano Caballero Irala, to vacate his office. Labor leaders indignant of Irala's resignation aided in provoking a strike in January, 1945, affecting construction workers, port and maritime laborers, bakers, breweries, and truck drivers. Immediately thereafter, the Paraguayan Government deported five individuals, all described as liberals and signers of a petition for constitutional reform, which petition was declared unconstitutional by the Supreme Court of Paraguay.

Upon the fall of Berlin, students and workers attempted to stage a public celebration but were dispersed by mounted police by means of saber blows and shots into the air. Fifteen persons were arrested. This action is significant in view of Paraguay's declaration of war against the Axis in February, 1945.

Paraguayan troops were alerted on May 29 and 30 at the Campo Grande Cavalry barracks under the command of Lieutenant Colonel Vera due to the belief that a movement was under way by the Liberal Party to overthrow the government.

As a result of growing tension and internal dissension manifested by recent events, President Higinio Moringo has reportedly agreed to name a committee to formulate election laws in order that a congressional election may be held in the latter part of this year. The Government has had several recent consultations with local leaders of the Colorado Party and the possibility exists that several cabinet members may be requested to resign in order that individuals of that Party may assume their posts. August 15 has been set as a tentative date for a possible meeting of President Villarroel of Bolivia and President Edelmiro Farrell of Argentina at Asuncion to celebrate the founding of that city. This may result in strengthening relations between these countries, which would mean that Bolivia and Paraguay would be more than ever under the influence of the present pro-Axis Argentine regime.

Government Action to Control Axis Nationals

Upon Paraguay's declaration of war against the Axis on February 8, 1945, the Office of the Legal Attache at Asuncion was contacted by Paraguayan Government officials in order to receive a general outline of the legislation for the control of such nationals. The Bureau thereupon furnished the Legal Attache a resume of measures taken by the Republics of Guatemala and Brazil upon the declaration of war against Germany and Japan by those countries. In order to further impress Paraguayan authorities of

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the extent to which Axis espionage was perpetrated in their country, a memorandum was prepared for the confidential information of the Paraguayan Police Department outlining the activities of such important espionage agents as Heinz Lange and Humberto Perez Caceres, who were active not only in Paraguay and Argentina but likewise in an extensive radio ring in Chile. X U

As a result of effective liaison between Bureau representatives in Asuncion and the Paraguayan Government, deportation proceedings against certain German nationals were instituted in May, 1945. These nationals (eight Nazi leaders acting on behalf of the NSDAP or its affiliates), together with their families, were fingerprinted and interrogated at Asuncion and scheduled to depart via United States Army Transport plane about June 30 en route to Recife, Brazil, and thence to the United States for internment. X U

Documents

From 1942 to 1944, some forty-one fraudulent Paraguayan cedulas of identification and certificates of good conduct were issued by the Asuncion Police Department without any bona fide support of the documents. Recent investigation has indicated that many of these documents were destined for and reached the hands of such notorious espionage agents as Gustav Edward Wuninger, Buenos Aires, Argentina, and Willi Adalbert Hans Reichelt, alias Tito Maldonado. A well-known German agent, Heinz Lange, also used one of these false documents bearing the name Victor Veuge, and it has just been learned that Lange succeeded in returning to Germany via the sailing vessel "Passia," which on its outward voyage is known to have landed several agents on the east coast of South America. X U

On March 13, 1945, the Paraguayan Police at Asuncion arrested Erwin Hoene based upon information furnished by the Legal Attache. Hoene, suspected of espionage, reportedly bought up in the past all available film for Leica cameras and is said to have taken about 1,000 photographs a month. Upon questioning, he admitted having been employed by the German news agency DNB while residing in Spain and Germany. German nationals acquainted with him reported he was a member of the Gestapo. X U

German Activities

Although the German Bund in Paraguay was dissolved by the Government in October, 1943, followed by a declaration of war against the Axis in February, 1945, the Legal Attache has discovered that the Bund's functions, involving some 1400 active members under the domination of the Nazi Party leaders, have been handed over to other German societies controlled by the same individuals. In addition, the Union of German Schools, formerly attached to the Cultural Section of the Union Germanica, became a part of the German Social Aid Society. This society and the Union of German Schools have succeeded and supplanted the former Nazi organization in order that the work of the latter might continue. German colonies still operate under Nazi ideology inasmuch as they are subject to the control of an administration chiefly made up of independent colonists and financiers, who are almost without exception loyal to the Nazi Party. X U X U

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Communism

Inasmuch as the Communist Party is illegal and has no direct voice in the Paraguayan Government, it has been obliged to operate underground. What activities that have come to light reflect that the main purpose behind all the efforts of the Party is to secure a more lenient government. To do this it has supported strikes and any condition which tends to impair the operations of the government of President Higinio Morinigo. As far as can be determined, the Communists have followed fairly closely the Party line and apart from the more educated leaders, the rank and file of Party members are more interested in their own economic conditions and local political issues than the broader aspects of Party policy. Evidence has been reported that Party leaders in exile in Montevideo have plotted with former President General Rafael Franco to bring about a revolution so that the Party might be represented in a new coalition government. S U

Labor unrest in Paraguay culminated in a strike in the early part of 1945, apparently intended to be the contribution of Paraguayan labor to the universal strike advocated by the Second General Congress of the CTAL in Cali, Colombia. While the strike was in progress the Executive Committee of the Communist Party organization in Paraguay published a program including such points as release of all workers, students, and professors who had been arrested or deported, repeal of a government law liquidating labor unions and assurance that a national assembly would be called in Paraguay. At the same time, the Communist Party issued a call to all classes in Paraguay to unite in the formation of a new government which would advocate the re-establishment of fundamental liberties. As a result of the strike, the government "cracked down" upon those involved, deporting many of them to Argentina, relegating some to the Paraguayan Chaco and others to the Isla Margarita. It appears that as long as the Paraguayan Government is dominated by Axis-influenced officials, Communism will have little chance to succeed in that country. S U

Smuggling

The country of Paraguay has acted as an intermediary point for the smuggling of tires and tubes from Brazil to Argentina. Because of the fact that smuggling along the Brazilian, Paraguayan and Argentine borders has been an accepted profession and custom for a number of years, together with the fact that by reason of the dearth of rubber in Argentina, that country has been forced to adopt subversive methods to obtain this material, smuggling activities have increased by leaps and bounds. Up until the collapse of Germany, illegal movement of rubber through Paraguay was further stimulated by Axis demands for that product. However, by reason of Argentina's growing needs, these demands have not diminished since the fall of Berlin. S U b7C

Through the efforts of the Legal Attaches at Asuncion, Paraguay, and Rio de Janeiro, Brazil, a smuggling ring has been recently uncovered in Paraguay headed by [redacted] group hid the S U

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smuggled tires and tubes at a Paraguayan town near the Brazilian border and they were then transported by boat to Asunsion and thence to Argentina. Each tire was reportedly bringing $250 or more. Bureau representatives at Asuncion have advised that automobile tires and tubes were being imported into Paraguay and thereafter diverted to Argentina with little interest being manifested by the Paraguayan Government, since customs duties were being paid on these materials. On December 18, 1944, eighteen automobile tires of various sizes together with inner tubes entered Paraguay bearing Dunlop, Firestone, and Goodyear brands. A tire size 9.75 by 16, costing approximately $335 including customs duties in Paraguay, could be sold in Argentina for the equivalent of $425. X U

In addition to the finished product, rubber has been brought into Paraguay from Brazil in crude form. This activity has been facilitated through the efforts of [redacted] b7C In one deal involving 10,000 kilos of rubber (approximately 22,000 pounds), costing $55,000 in Paraguay, the rubber was said to have been sold in Argentina for $95,000. X U

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c. Panama S U

One of the achievements of SIS during the past year was the establishment of a Legal Attache's office at Panama City, Panama. Previously we had had to rely for intelligence information in Panama on the three undercover men we have in that country. However, on May 4, 1945, the SIS Legal Attache's office was opened and at the present time there are two special agents assigned to that office. S U

While the Republic of Panama is primarily a responsibility of the representatives of the military forces and is not under the jurisdiction of the Bureau in accordance with the Delimitations Agreement, maintainee of undercover representatives there and of the Attache's office has been found necessary in order that SIS might function as a complete unit in Latin America. S U

From the beginning the police officers of Panama have shown a real interest in the Bureau's work. On June 13, 1945, Samuel Lewis, former Ambassador from Panama to the United States, together with other Panamanian officials was provided a special tour of the Bureau's facilities. On June 21, 1945 the SIS Legal Attache interviewed Miguel Quijano, aide-de-camp to President Enrique A. Jimenez new head of Panama who indicated that the government might possibly request the services of a Bureau Police Liaison Agent. In view of the fact that an entire reorganization of the entire Panamanian police system is anticipated, the presence of an SIS Liaison Agent would be exceptionally valuable. S U

Not only the Panamanian police but the American Military authorities of the Canal Zone have looked to the SIS Attache for assistance. Within the past month Lt. General George Brett, Commanding Officer of the Caribbean Defense Command and Colonel Kopp of the Provost Marshal's Office, have requested our Attache to assist them in solving one of the most difficult criminal cases which they have ever had to face. S U

In intelligence matters the SIS Attache has done excellent work in supervising the efforts of the three undercover men stationed in Panama. S U

The United States Embassy and U. S. Military authorities have sought the assistance of the SIS Attache in the handling of Axis agents in Panama. One of the more interesting cases was that of Manuel Onos de Flandolit, Charge d'Affaires of the Spanish Embassy in Panama, who caused a great deal of difficulty when local authorities endeavored to acquire the archives of the German government which had been placed in the custody of the Spanish Embassy. Through the efforts of the SIS Legal Attache the pro-Nazi sympathies and activities of Onos were exposed and he was expelled from the country. S U

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R. Peru

The Office of the Legal Attache at Lima, Peru has been successful during the past year in extending the intelligence coverage in this Republic. In connection with political matters, economic matters, in dealing with Axis aliens and in similar fields, the Office of the Legal Attache has been of particular aid to the Ambassador in Lima and on numerous occasions the Ambassador has expressed his appreciation of the efforts of Bureau representatives.

Political Coverage

The political coverage of the Office of the Legal Attache is quite adequate and reliable informants have been developed in various political fields so that accurate and intelligent coverage is possible. In this connection the Legal Attache furnishes the American Ambassador with concise summaries of political trends and including information which is not generally available to Embassy sources. During recent months there has been an extraordinary interest in political developments in Peru as a consequence of the presidential election which was scheduled for and held on June 10, 1945.

In connection with this election there were numerous rumors to the effect that the elections would be fraudulent, that various sectors of the Peruvian armed forces might revolt and set up a military dictatorship, that a popular revolution might be sponsored by the powerful Aprista underground movement, that President Prado would attempt to perpetuate his office by establishing a military dictatorship and that other conservative groups might attempt to take over the government. These diverse trends were given credence by competent observers and the Office of the Legal Attache through excellent coverage was able in many cases to establish the veracity or falsity of the current assertions.

It appears that the elections actually were free and honest and this has resulted in the election of the candidates sponsored by a strong leftist coalition and thus the Peruvian Government will apparently change from a rightist dictatorship which has been characterized by an absence of civil liberties for the Peruvian people to a leftist or "middle of the road" government which will be representative of the masses in Peru; thus Dr. Jose Luis Bustamante y Rivero is scheduled to assume office as president-elect July 28, 1945.

The Office of the Legal Attache has maintained close contact with various political movements and you will recall that representatives of the Bureau have been in touch with the leader of the Aprista movement, Raoul Victor Haya de la Torre. Recently the Aprista movement was recognized in Peru as a legal and legitimate party and as a result Haya Torre will have an important voice in the future political destiny of this Republic.

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The Prado administration which will go out of office with Bustamante's inauguration has been during recent years working in close cooperation with the United States and has proclaimed adherence to democratic principals. However, the Prado government within Peru has not been democratic and the dictatorship has prohibited to a great extent freedom of the press, of political thought as well as other civil liberties. S U

The liberal political coalition which nominated Bustamante is known as the National Democratic Front and this group has been composed of various dissident political elements. The Office of the Legal Attache closely followed the developments during these troubled times. S U

Gimpel--Colepaugh Ramifications S U

The Office of the Legal Attache carried out investigation in Peru as a result of the arrest of Erich Gimpel and William Colepaugh, German agents who landed by submarine in Maine in December, 1944. Gimpel had previously been in Lima, Peru but was deported from Lima to the United States during 1942 and later repatriated to Germany. The Legal Attache's Office in Lima secured a picture of Gimpel along with fingerprints and specimens of his handwriting and conducted extensive investigations of his activities in Lima and of his associates in Peru. Through these investigations it was ascertained that Gimpel was not a member of the Nazi Party in Peru and probably was not engaged in espionage, thus indicating that he received all of his training after he returned to Germany. In this regard the Bureau representatives at Lima were very efficient in following out all possible leads throughout Peru and in this connection overcame numerous transportation and other investigative difficulties. S U

Japanese Activities

The Office of the Legal Attache has developed competent informants in the Japanese field and has maintained close observations of Japanese activities in Peru. Although the Japanese colony in Peru is still extensive through investigation by the Office of the Legal Attache and through vigorous efforts of this office in collaboration with Peruvian authorities it has been possible to expel the principal Japanese threats for internment in the United States. It is reported that there remain approximately 30,000 Japanese subjects in Peru but these are largely of the so-called Peon classes and came to Peru some years ago as common laborers. The most prominent and active Japanese propagandists, espionage leaders and generally pro-Axis individuals have been expelled from Peru. Through investigation by the Office of the Legal Attache it has been ascertained that during recent months there has been an absence of suspected espionage or sabotage activity. Recently it has been determined that the propaganda tactic which the Japanese colony follows is to blame the United States for all economic troubles existing in Peru. The Japanese also declare to Peruvians that they are nothing but servants of the United States. The Legal Attache is closely following the movements of the Japanese colony and Japanese commercial and economic activities. S U

Communist Activities

The Communist Party of Peru is followed in its various activities through informants developed by the Office of the Legal Attache. It has been possible for this office to secure individuals who are active within the Communist movement and thus accurate information is secured. The Communist Party is, generally speaking, small and ineffective in Peru and probably numbers less than 5,000 individuals. Recently the Party following the Communist line has been cooperative with United Nations groups. The Communist Party has never been strong in Peru since the great majority of leftist elements in this Republic are affiliated with the Aprista organization of Haya de la Torre. It is interesting to note also that the Communists and Apristas are militant enemies and that with the recent legal recognition of the Aprista movement and its substantial representation in the new government the Apristas will probably act in a way to thwart future developments of the Communists in Peru. The Communist leaders are not outstanding although they maintain a liaison with the strong Chilean Party. X U

At the present time Peru has not established diplomatic relations with Russia. X U

Safe Haven - Flight of Axis Capital X U

The Office of the Legal Attache has been active in investigating operations of German, Italian and Japanese commercial organizations in Peru. In this activity Bureau representatives have been working in close cooperation with Embassy representatives and representatives of the Foreign Economic Administration. It is reported that as a consequence of the numerous expulsions of Axis individuals in Peru the leaders in the German colony have been sent out of the country and that consequently Axis industry in Peru is negligible at the present time. The Office of the Legal Attache is presently preparing a survey of the possible flight of Axis capital in connection with the Safe Haven Project. X U

Police Liaison

The relations between the Office of the Legal Attache and the police authorities in Peru continue to be extremely good and on a very cooperative basis. There is one police liaison agent attached to the Office of the Legal Attache and through the friendship he has developed with Peruvian authorities it is possible for the Office of the Legal Attache to utilize most of the facilities available to the Peruvian police authorities. As a result of these relations Peruvian authorities have conducted discreet surveillances, have made thorough customs searches and checks, have supplied background and fingerprint data concerning various subjects and have in other ways extended better services to the Office of the Legal Attache. Much of this cooperation has been developed on a friendly personal basis and thus has obviated the necessity for substantial payments to individuals connected with Peruvian police. This has greatly benefited and increased the coverage of the Legal Attache's Office in Peru. X U

Axis Nationals Deported

The Office of the Legal Attache has been successful in effecting the expulsion of numerous Axis nationals from Peru. As a result of investigation and the compilation of data reflecting the danger of certain German and Japanese nationals and through the cooperation of the American Embassy and Peruvian authorities the most dangerous Axis nationals no longer are resident in this Republic. Recently in this connection three Axis nationals were deported from Peru and have been interned in the United States. Two of these are Germans and one Japanese. One of the Germans, Charles H. Specht, had previously resided in Peru for several years and had worked in connection with rubber and oil developments in that country. Recently he was involved in an attempt to forge documents purporting to be recommendations of the United States citizen in Peru. As a result of investigation on the part of the Office of the Legal Attache these frauds were uncovered and he was found to be a German national dangerous to the security of the Hemisphere and subsequently deported. $\mathcal{U}$

S. El Salvador

SIS coverage in El Salvador for the past fiscal year has been provided by a Legal Attache with one assistant and one undercover agent. These men have succeeded in keeping the Bureau well advised as to the numerous political movements at present occuring in El Salvador.

During the past year there was a great deal of resentment directed against the regime of President Maximiliano Hernandez Martinez who by having the national constitution changed to his own liking had been able to remain in office beyond his initial term. Early in 1944 revolts broke out throughout the country followed by a general strike. As a result Martinez was forced out of office and was succeeded by General Andres Ignacio Menendez who had been Minister of National Defense in the Martinez cabinet. However, on October 21, 1944, a military clique succeeded in overthrowing the government of Menendez and installed as provisional president of the country Colonel Osmin Aguirre (Salinas) who had been acting as Director General of the National Police. Bureau SIS representatives report Aguirre as being pro-Nazi, anti-American, and a strong believer in a totaliterian form of government. Under President Aguirre all but two newspapers favorable to his government were closed and private telephone communications were suspended. The dictatorial action of the Aguirre government resulted in public outbursts of protest evidenced by violence and attempts to burn the various buildings in El Salvador.

As predicted by SIS representatives, another attempt at revolution took place on December 8, 1944, when shooting commenced in Western El Salvador where the revolutionists invaded the country from the direction of Guatemala, however, the attempt was a failure. As a result El Salvador sent a strong warning to the Guatemalan government charging it with aiding and abetting the revolutionists, a charge which the Guatemalan government denied. At this time the United States' Department of State requested the Bureau to discreetly ascertain whether or not the labor strike which was going on at this time in El Salvador was being financed by funds coming from other countries in Latin America. The State Department had been informed that the strikers had an excess of money and that these funds might have been furnished either by Communist or Nazi sources. SIS representatives made a thorough and discreet investigation and ascertained that the strikers were not well supplied with funds, and that as a result the strike had to be discontinued. SIS representatives reported that there was no evidence that either the Nazis or the Communists had been financing the disturbance. As a result of the accusation against Guatemala, the El Salvador-Guatemala border was closed during December, 1944, and was not again reopened until March 10, 1945, when the 1,500 Salvoran soldiers who had been stationed there were withdrawn.

On January 14-16, 1945, a presidential election was held in El Salvador which resulted in General Salvador Castaneda (Castro) being

named head of the government. President Castaneda is reported to have been chosen for the position by Colonel Aguirre, and SIS representatives uncovered evidence which seemed to indicate that the presidential election of January, 1945, was highly irregular. President Castaneda took office on March 1, 1945. Immediately before this, on February 19, 1945, the United States recognized the interim government of President Aguirre which resulted in a great deal of criticism by the Salvadoran press which was generally critical of the Aguirre regime. The SIS Legal Attache has reported that as a result the American Embassy in San Salvador was embarrassed and its prestige weakened. Subsequently, President Castaneda and Colonel Aguirre engaged in a controversy over the selection of representatives to the Pan-American Conference, as a result of which Colonel Aguirre was ousted from his position of influence in the government. Since that time a group of young officers, headed by General Jose Avendano and Major Oscar Osorio, has threatened to cause a revolution unless President Castaneda will accede to certain demanded changes in the government. SIS representatives reported that this army group planned a revolt for June 9, 1945, but that President Castaneda learned of the plan beforehand, and as a result ordered the arrest and deportation of its leaders. Rebel Air Corps troops did seize two planes, one of which bombed and machine gunned the police headquarters in San Salvador. However, the revolt failed as the press and the public were not in sympathy with the rebel officers. Though it successfully thwarted this insurrection, the Castaneda government is now threatened by the revolutionary plans of the Aguirre group which has combined with the Agrarian Party, headed by Carlos Menendez (Castro). The Agrarian Party represents the more conservative Salvadoran elements. X U

As a result of the existing political conditions, the SIS Legal Attache is of the opinion that it would be inadvisable to send a Police Liaison Agent to El Salvador at the present time. There is a strong possibility that the arrival of a liaison agent would be seized upon by representatives of the opposition as a matter of political significance. The police in El Salvador are hated and despised, and the SIS Legal Attache believes that the establishment of liaison with the Salvadoran police at this time would be more harmful than beneficial. However, as soon as a stable government is established every effort will be made to secure direct police liaison with the Salvadoran police authorities. X U

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T. Trinidad

The Bureau has continued to maintain a liaison agent at Port-of-Spain, Trinidad. [redacted] Imperial Censorship and British Contraband Control has submitted numerous reports of value to the SIS Field and to Bureau operations in the United States. The bulk of these reports deal with passengers and crew members of Spanish and Portuguese vessels which are routed through the British control point at Trinidad. Many of these individuals are destined for the United States, and their interrogations are of considerable interest to the Bureau. The interrogations are made on the basis of derogatory information in British files, and data forwarded by the Bureau to the Liaison Agent. b1 b7D

As an example of the type of work performed, the Bureau representative was requested to obtain complete interrogation reports on four passengers on the SS "Marques de Comillas" which transited Trinidad May 3-6, 1945. One of these passengers was a Spaniard, who was known to have been contacted by German espionage representatives in Spain to carry out a mission in Cuba; another was a suspected German courier; another was an American woman who had been the mistress of a German official in Paris, France until April, 1942; another was an ex-Honduran diplomat in France who had issued Honduran documentation to numerous European nationals, including two known SD agents. In addition to these subjects, our Trinidad representative reported on numerous passengers destined for Latin America, whose interrogation revealed derogatory data.

During the time when neutral vessels were logically suspected of being used to smuggle strategic war materials to the Axis, the Bureau Agent in Trinidad was able to keep in close contact with developments effected by British authorities in Trinidad.

This agent has also been referred cases falling within the primary jurisdiction of the Bureau, including Selective Service, Crimes on the High Seas, Communist Activities in the West Indies and others. On one occasion, he was instructed to proceed to the French penal colony at Devil's Island to ascertain if five prisoners had recently escaped. This request emanated from a report by Naval authorities that five men had been sighted in an open boat off Key West, Florida and it was believed they were possibly German agents who had attempted to land from a submarine. It was ascertained these five men were actually escaped prisoners from Devil's Island who had successfully journeyed to Cuba and were attempting to proceed to Mexico via open boat from there.

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The agent assigned at Trinidad has had previous investigative experience in the SIS Field in Latin America, and is in possession of complete knowledge of Bureau operations in the SIS Field. He is thus in an excellent position to determine what information may be of value to our representatives in Latin America. S U

British Security files are available to him, and the Bureau field has been advised that these files, containing information on practically all crew members and many passengers of neutral vessels which have traveled between Europe and the Western Hemisphere during the last five years, are excellent potential sources of information. S U

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U. Uruguay &U

Although the country of Uruguay has during the past year been subject to frequent political tension reflected by the maneuvers of her various political parties, nevertheless the matter which has occupied probably the most attention has been in the field of espionage. Uruguay has "cracked down" upon her important German rings and various agents involved will, it is expected, be brought to prosecution. With Axis espionage being definitely throttled, the Communist Party, which is a recognized legality, has maintained certain definite political strides. &U

Espionage

A German agent named Juan Alberto Bove Trabal, along with some sixteen other suspected agents, was arrested by Montevideo authorities on January 5, 1945, in connection with an extensive espionage ring operated in Montevideo and Buenos Aires. Couriers between those two cities acting on behalf of the ring regularly carried information of a highly subversive nature. Brazilian Integralist exiles were discovered to be involved and through admission of the agents as determined by the offices of the Legal Attaches at Buenos Aires and Montevideo, it was definitely determined that the Trabal ring was acting as the Montevideo branch of the extensive espionage organization in Buenos Aires headed by the notorious agent now imprisoned in that city named Juan Siegfried Becker. Extremely well documented material obtained through the combined efforts of the Montevideo and Argentine Police authorities included photographs of some 92 German agents, photographs of their clandestine radio equipment and an enciphering machine, and statements of principal subjects, and information that two German agents were actually landed by a submarine out of France on the shores of Argentina in July, 1944. It was later discovered that these agents, however, had landed via a sailing vessel. &U

Bureau investigation for the past three years has been concentrated, among other matters, upon ascertaining the true identity of a Montevideo agent forwarding ship movement information to Rio de Janeiro and thence relaying it by radio to Germany. Although his activities terminated in March of 1942, nevertheless his identity, which up until recently was only known as "Union", remained a mystery. Through the investigative technique of the Rio and Montevideo Offices of the Bureau, the Uruguayan Police authorities were furnished sufficient information upon which to predicate the arrest of numerous suspects on April 4, 1945, including Fritz Rabe and Horacio Camejo Azzi. These two individuals upon interrogation admitted that they were connected with the cover name "Union." Rabe, himself, was the moving factor in the ring while Azzi received espionage information directed to Rabe. A review of the records of the Banco Aleman Transatlantico at Montevideo reflected that Rabe received a total of some $60,000 in 1939 which was not entered on the books of his brokerage firm, and it is believed that this sum was advanced to him for the perpetration of his clandestine activities. It is expected that the case against Rabe and his cohorts will be shortly brought to trial. &U

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On February 21, 1945, Hester L. Colombo, former Uruguayan Consul at Geneva, Switzerland, involved in a passport forgery scheme on the continent which resulted in the closing of the Uruguayan Consulate at Geneva, returned to Montevideo. It is significant that at the present time he is assigned to the Consular Department of the Ministry of Foreign Affairs, and no complaint is outstanding against him in the Ministry of Foreign Affairs despite the fact that he is reported to have acted as an intermediary for remittances sent to agents in France in 1943. S U

Uruguayan authorities conducted a search of the premises of the Banco Aleman Transatlantico on June 27 and June 29 last on the theory that papers and documents were being burned at the bank. It is reported that documents have been found establishing that the bank had accumulated information concerning the following subjects: Airbases under construction, Army expenditures from 1910, shipping data, activities of authorities charged with suppression of anti-national matters, evidence that the bank received funds from local German firms and turned them over to the German Legation to be sent to Germany. As an illustration of the remittances to Germany of funds received from German firms, the bank reportedly received instructions from a principal in Berlin to withdraw 150,000 pesos (approximately $37,500) from the Quimica Bayer firm in Uruguay, paying that amount to the German Legation in Uruguay and crediting it to the German Foreign Office in Berlin. S U

Political

Towards the middle of 1944, information then at hand indicated the former President of Uruguay and head of the Baldomiriste Party, General Alfredo Baldomir, was making plans for a coup d'etat to take place during the Uruguayan Army's maneuvers in November and December, 1944. The maneuvers went off as scheduled, however, Baldomir's plot failed. On February 22, 1945, Uruguay declared war against Japan and Germany. This action was followed by a presidential decree placing numerous German firms into the hands of government receivers. During the past two months renewed efforts of the Baldomiristas to cause tension have been noted in the resignations of the Minister of Industry and Labor, Dr. Javier Mendivil, and Hugo Ricaldoni, Presidential Secretary. Inasmuch as General Baldomir is reportedly on close terms with the Minister of National Defense, it appears that he may be in a position to regain political power and provoke a serious crisis. General Pedro Sicco, military leader and having a certain following in high governmental places, is likewise on close terms with General Baldomir. Sicco, it is said, is presently being recalled from the United States to be named Chief of the General Staff. Although it is not deemed probable that Baldomir will attempt a revolutionary coup, nevertheless, it seems most likely that his present maneuvers are for the purpose of laying a solid groundwork for the 1946 elections with a view to his Party winning seats in the Uruguayan Parliament. S U

Communism

The Communist Party in Uruguay, which is a recognized political entity with seats in the National Legislature, has been observed endeavoring S

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to establish in the various political parties of Uruguay, particularly the Battlista and Baldomirista Parties, certain cells whereby they will be able to swing these parties to the Communist line of thinking. The Russian Legation at Montevideo (Uruguay severed relations with the Soviet in 1935 and reestablished them in 1944) has taken steps to obtain the unity of the Slavic peoples in that country, and personnel within the Legation is reportedly being trained with a view to preparing for the establishment of future Soviet missions in other Latin American countries. &U

Rodolfo Ghioldi, exiled Communist leader from Argentina has taken an active part in the Communist movement in Uruguay and has been concerned with promoting the success of Communism in Argentina after the removal of the present governmental regime. During the past few months, efforts have been made by the Uruguayan Communists in political and labor circles to advance their program of "national unity." In April there was established the South American Committee of Aid for the Spanish People, which Committee came out among other things in favor of a provisional Spanish Republic government; on May 11, 12 and 13, 1945, the Third Slav Congress of Uruguay met; on May 2, riots occurred during the popular demonstration upon the fall of Berlin and there resulted Communist aggression against Juan Jose Carbajal Victorica, Minister of Interior, and Juan Carlos Tomas Folle, Chief of Police, for their stand in attributing the riots to Communist instigation, and for the former's public rebuke of the Soviet Minister's note protesting against press criticism of his government. &U

French Activities &U

On March 9, 1945, the French Ambassador to the United States, Henri Bonnet, received a letter from Luc Antonine J. Haristoy, Montevideo, Uruguay, wherein the writer proceeded to inform Bonnet of a powerful French organization, the name of which he did not disclose, that is working with the French College, the Chamber of Commerce, and the principal commercial representatives in Montevideo and Buenos Aires. Haristoy went on in a mysterious way to tell Bonnet that he has plans for furthering French influence and for spreading it throughout South America. He stressed the importance of Uruguay as a center for this work and described commercial as well as nationalistic ties, and how they could be unified. &U

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V. Venezuela

SIS operations in Venezuela have been handled during the past year by the Legal Attache, three Special Agents assigned as Assistant Legal Attaches and two undercover men. One of the Assistant Legal Attaches has functioned as the Police Liaison agent with the Venezuelan National Police and has given a series of daily lectures on investigative techniques at the National Security School in Caracas. These lectures have received very favorable comment from Venezuelan officials and principally through the relationship thus established with police officials, our office has maintained excellent coverage in the Venezuelan political field. Through well-established informants, the Legal Attache was able to keep the American Embassy and the Bureau currently advised of all matters of interest during the abortive Venezuelan Army plot of November 12, 1944, as well as other more recent political developments. One of the confidential informants in our Caracas Office is [redacted] presently considered [redacted] Venezuela. [redacted] Lopez Contreras on a trip to the United States in the near future. b7C b7D

The government-opposition group led by General Lopez Contreras is composed of conservative, industrial, army and clerical elements who are determined to eradicate the Communist influence, which is prevalent in the present Venezuelan Government. Lopez Contreras is seeking the financial support of the foreign-owned oil companies of Venezuela and the moral support of the United States Government. His pending trip to the United States is reportedly being made in connection with this phase of his Presidential campaign. b7C b7D

Communist activities have greatly increased in Venezuela during the past year and the numerous strikes in the Venezuelan oil fields have definite Communist ramifications. The Government of President Isaias Medina has collaborated with the Union Popular Venezolano (the Venezuelan Communist Party) to the extent that a coalition pact was effected by the two groups which resulted in the overwhelming government victory in the municipal elections of the Federal District of Venezuela in November, 1944. The Communists were amply rewarded for their support by the subsequent legalization of the Party in Venezuela.

The most important developments in the field of Communism in Venezuela during the past six months are the intensive efforts of the Communists to organize and establish complete control of the oilfield workers; the repeal of legislation which had outlawed the Communist Party in Venezuela; and the split in Communist Party ranks which divided into factions those Communists who favored continued collaboration with the Medina government from those who wanted to follow a separate strict party line. Our Communist coverage in Venezuela has been very effectively handled through informants who are in frequent close contact with party leaders in the country. Recently, SIS representatives reported that the Venezuelan Communists were bewildered as to what policy to follow in relation to the

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San Francisco Conference because no instructions had been received from headquarters at Bogota, Colombia. In the event Lopez Contreras is elected President of Venezuela in 1946, it is expected that the Communists will be forced underground, and for this reason, every effort is being made to obtain complete data on leading Communists and the party organization at the present time. S U

In the field of espionage activities, the outstanding development of the past year in Venezuela was the arrest of ten German residents in April, 1945, who confessed to having accepted assignments in the German Apfel sabotage ring. During the course of the intensive investigation and interrogation of these subjects, the Venezuela Police cooperated closely with our SIS personnel. All arrests and searches were made by the Director of the Venezuela Department of Investigation and our Police Liaison Agent. Interrogations were conducted by members of the Office of the Legal Attache at police headquarters. S U

Matters coming within the primary jurisdiction of the Bureau which have been handled in Venezuela during the past year include Selective Service, Theft of Government Property, Bank Robbery, and Fraud Against the Government cases. S U b7C

In April, 1945, a report and photographic album entitled "Facilities of Creole Petroleum Corporation of Venezuela" were distributed to interested agencies at the Seat of Government. This survey was prepared by Special Agent [redacted], who has been in Venezuela in an undercover capacity as [redacted] The purpose of the survey was to determine the various possibilities of sabotage to the industrial facilities of this corporation. The survey covered nine oil fields, the port facilities and the division offices of the Creole Petroleum Corporation of Venezuela, which at the present time is one of the largest oil producing concerns in the world. The photographic album and detailed report were of considerable value and interest to the governmental agencies to whom distributed. S U b7C b7E

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W. Canada (U)

b7C

Special Agent [redacted] has acted as the Bureau's liaison representative with the Royal Canadian Mounted Police in Ottawa for the past year. Through him the Bureau continues to enjoy extremely cordial relations with the Canadian organization. It has been possible to arrange for interrogation of several espionage agents who were captured in Canada and from whom was secured considerable information of value to the Bureau. One of these was Fritz Brinkmann, former German blockade runner to Latin America who was connected with various Bureau cases. One of the most outstanding results of this liaison has been the apprehension, by both sides, of numerous deserters and of Selective Service cases that have traveled from country to country in an attempt to avoid enrollment in the Armed forces. Working arrangements have been made so that a fugitive located in Canada is returned for trial here while the same function is performed by the Bureau for the RCMP when a Canadian fugitive is located in the United States. (U)

b7C

[redacted] has, during the month of May, 1945, taken a long trip through Western Canada developing contacts which should be of considerable assistance to him and which should enhance the Bureau's reputation there materially. (U)

X. England (U)

b7C

During the past year Legal Attache [redacted] and Assistant Legal Attache, [redacted] have continued to function in a liaison capacity for the Bureau in London. (U)

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[redacted]

(S)

Also, had we not had an office in London and been able to make arrangements to review [redacted] material we should have received little or nothing from this most valuable source. [redacted] successful efforts to obtain the decodes made by the British of German Radio Intelligence messages in spite of the objections of [redacted] and of our own Army and Navy departments. (U)

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has probably been the outstanding single contribution to the Bureau's coverage of German Espionage during the war. Under extremely unfavorable conditions he was able to surreptitiously review this [redacted] material, extract messages of interest in the Bureau's espionage cases and forward it to Washington. The British would permit [redacted] to indicate certain messages which the Bureau would desire to receive but it was insistent that these messages should be paraphrased and forwarded over British channels to New York and thence to the Bureau. By the time these were received in Washington they were practically useless because of paraphrasing and delay, so that [redacted] clandestine handling of these messages proved a decisive factor. b2 b7D b7C

More than 200 enemy espionage agents of various nationalities were secretly held by the British at Camp 020 outside of London throughout the war. These men were held without judicial process and served as the British Intelligence Service's ambulating reference library. They were continuously interrogated and their reports compared and from them the British developed most of their information about the German espionage system. Through our London office the Bureau was able to arrange for receipt of all reports emanating from this camp, many of which contained extremely valuable information for use in our espionage investigations in the Western Hemisphere. Because these men were held without judicial process the British have advised that it is necessary to turn them loose as soon as possible. In fact some have already been returned to their native countries in Europe. There is an undetermined number in the Camp who are natives of certain Latin American countries. The Bureau is negotiating with the British at the present time for complete information relative to these agents so that we will be fully apprised and can in turn inform the Governments of Latin American countries involved prior to their return.

Special Cases

The value of having a liaison office in a strategic city such as London was again demonstrated in the recent inquiry in the Axel-Wenner-Gren Registration Act Matter. Wenner-Gren, a wealthy Swedish industrialist residing in Mexico, has been making an effort to have his name removed from the British and United States Proclaimed Lists. It became necessary to interview several important personages connected with this case in Stockholm, Sweden, and Legal Attache [redacted] in London was able to fly to Stockholm to conduct the necessary interrogations. b7C

Likewise it was possible for our Assistant Legal Attache, [redacted] to travel with British Intelligence officials to Germany recently to interview Hans Kaltenbrunner, important German espionage agent, recently captured by the Allied forces. [redacted] b7C

Political

Legal Attache [redacted], because of his wide range of acquaintances among British officials was brought back by the Bureau from London for the San Francisco Conference of the United Nations for International Organization. Special Agent [redacted] was in San Francisco for several weeks and was of considerable assistance to the Bureau through his contacts with British Foreign Minister Anthony Eden and other members of the British delegation. b7C

Y. France

The Bureau's Army Liaison unit in France was established in September, 1944 with Special Agents [redacted] and [redacted] Inspector [redacted], who inspected the Paris office in December of 1944 reported that these agents have done excellent work in France. b7C

[redacted] has seen to it that the Bureau's Intelligence Targets in Europe have been placed on record at SHAEF headquarters and, in fact, he was able to arrange for the issuance of a directive to all Allied intelligence groups listing these targets and indicating that any information obtained should be called to the attention of our office. The principal work done in the Paris office consists of securing information on espionage and treason cases of a special interest to the Bureau. b7C

Espionage

Through liaison with the Army Intelligence Corps our Paris office secured access to many important captured documents which have been of great assistance in the clearing up of espionage cases in the Western Hemisphere. In addition they have had the opportunity of interviewing important German espionage agents captured by the Allies. For example, Johannes Wilhelm Bischoff who was arrested May 5, 1945 in Belgium has been interrogated. Bischoff was known to have dispatched to the Western Hemisphere three espionage agents. He corroborated considerable information already in the possession of the Bureau and, surprisingly enough, belittled the Abwehr to which he was attached. He claims that while he was in charge of Ast Hamburg he built up on paper a list of sixteen agents in whom he had, he said, no confidence but who were dispatched by him to make his own work look better in the eyes of his superiors.

Treason

The Paris office has handled a great many treason matters including investigation of three of the seven United States citizens indicted for treason by the United States for radio propaganda activities on behalf of the Germans. Many other treason cases have been worked up but have been turned down by the Department because of the difficulty

involved in bringing the subjects back to the United States for trial and because of the problem presented in bringing back witnesses for such trials. For example, [redacted] an American citizen, was arrested in Munich. Found with him was a considerable quantity of documents and correspondence showing that he had been on intimate terms with German industrial leaders, and with members of the SS, and was a friend of Heinrich Himmler and of officers of the German High Command. These documents proved that [redacted] became a German citizen December 2, 1942 and traveled under the auspices of the German Foreign Office throughout Europe serving as a broadcaster for the German Propaganda Ministry. b7C

The U. S. Army referred to the Bureau many cases involving United States citizens serving in the German Armed Forces. Through the Bureau the Department of Justice was contacted and a policy was established for handling these cases. It was pointed out that no treason charges could be lodged against individuals who entered the armed forces of the enemy before the outbreak of war but that anyone who took such a step subsequent to December, 1941 should be investigated. Many of these matters are now being investigated by our agents in Paris.

Communist Investigations

France is a particularly fertile field for the Bureau in which to increase its knowledge of International Communist trends. The Communists are working openly in France and their operations are being followed closely by our office there. The U. S. Army, of course, has been officially precluded from investigating Communism but high army officials have indicated to the Bureau their desire that our liaison unit in France follow Communist activities closely and keep the army advised. This has been done and these officials have expressed their appreciation for the fact that the Bureau's agents are so well qualified to handle Communist matters.

Assistance to the U. S. Army

The considerable assistance rendered by our Paris office to the Army has warranted and resulted in a written letter of appreciation from [redacted] 1-2, SHAEF. As an example, an Army code truck containing top secret code apparatus used by the Communications Division of the Army was stolen in April, 1945, from an Army Headquarters in France. The Army feared that it had fallen into the hands of the enemy. [redacted] inquired into the steps taken to recover the truck when he was called into the case by the Army. He noticed that several fundamental investigative procedures had not been adopted by the Army. He pointed these out and the truck was located shortly thereafter. These fundamental steps included search by air for the truck, road blocks, contacts with local police officials in nearby French towns, etc. b7C

2. Germany

On June 7, 1945 Special Agent [redacted] with seven Bureau agents established an office at Frankfurt-am-Main, Germany, where SHAEF Headquarters was located. The principal duties of these agents have been the b7C

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location, perusal, and analysis of vital enemy documents captured by the Allies and the interrogation of well known German diplomats and espionage agents. The office shortly will move to the American Occupied Zone of Berlin. FU

Espionage

In the short time that our agents have functioned in Germany they have sent back material of extreme interest to the Bureau. This material includes records obtained from the Ausland Organization's headquarters, which among other things contained a long list of United States citizens who returned to Germany in 1937, 1938 and 1939 and who, on their arrival were questioned by Ausland officials. Among other things they were asked to list the German social clubs to which they belonged in the United States. Many indicated that they had been Bund members in various United States cities. The Bureau has received also eight mail sacks full of material taken from the German Intelligence Branch Office which includes a complete description of the operations of this office through 1944. A large counterfeiting headquarters, operated by the Germans, was located and among the things discovered and sent to the Bureau was a volume of false passports for Latin American countries together with the description of the methods used by the Germans in falsifying these passports. FU

There has been located and forwarded to the Bureau several volumes prepared by German Intelligence regarding the Communist movement as the Germans know it which will help complete the Bureau's picture of the International phases of Communism. FU

Hermann Goering was interrogated for information about Fritz Mandl and Axel Wenner-Gren. Goering was evasive and claimed that he had little or no personal contacts with either of these subjects but he did express the opinion that Wenner-Gren was an opportunist who would go along on Nazism with the Germans and who would profess pro-Allied sympathies elsewhere. Goering made the interesting statement that little or no material of value was secured from the United States through the operations of the German Intelligence System. He stated that in his opinion practically all of the German agents were neutralized by effective United States counter-intelligence measures before any information of value could be relayed to Germany. FU

Treason

b7C

[redacted] is one of the seven United States citizens indicted for treason against the United States. He was recently arrested in Germany and has been interviewed by our agents there. [redacted] will shortly be returned to the United States for trial. Three of the six remaining subjects are under arrest and will be interrogated by our men in the near future. FU

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AA. Italy

Special Agent [redacted] joined the United States Intelligence Group in North Africa in September, 1943. He traveled with this group through North Africa, through Sicily and into Italy. He arrived in Rome, June 6, 1944 immediately after the evacuation of that city by the Germans. [redacted] established an office there which is still functioning. He has done very effective work in uncovering information about Italian and German espionage operations against the Western Hemisphere and in working up treason cases. Two additional agents have been with him since August of 1944.

b7C

Espionage

[redacted] secured from leaders of the Italian Army, Navy and Air Intelligence groups complete details as to their operations and their connections with the German espionage system. He secured complete details on sabotage schools operated in Italy. [redacted] secured statements from the leaders of the Italian espionage system on their operations in Latin America getting a complete picture of these operations, which has verified and supplemented that secured by investigations of Bureau agents in that field.

b7C

The Rome office developed the case against [redacted] who was recruited by the Germans and the Italians for work in the United States. [redacted] was tried in New York City in April of 1945, was convicted and sentenced to eleven years in prison. [redacted] of the Italian Naval Intelligence Service, who recruited [redacted] for his espionage mission was brought to the United States with the assistance of the Bureau and he testified at the trial against [redacted]

b7C

Treason

The Rome office has done a great deal of work to develop the case against Ezra Pound, an American citizen who acted as one of the chief Fascist propaganda agents in Italy during the war. Pound has been indicted for treason against the United States and our agents have interviewed him and have uncovered a considerable amount of material in Italy which will be of assistance in the forthcoming trial of this subject. Original records of payments to Pound by the Italian government have been found as well as original broadcast records made by him in radio studios in Rome.

Assistance to the Embassy

The Bureau's Liaison Unit in Italy has been attached to the United States Army but it has had an opportunity to assist the United States Embassy there in many investigations involving alleged United States citizens who have asked for reinstatement and for visas to come to the United States.

Many Veteran Administration matters in the hands of the Embassy will shortly be handled by a Bureau agent who has just departed for Rome to serve as a Vice Consul in the American Consulate there.

88. Portugal (X U)

b7C

Special Agent [redacted] was appointed Legal Attache to the United States Embassy in Lisbon, Portugal in August of 1943. He was later furnished with an assistant, Special Agent [redacted] (X U)

b7C [redacted] has probably been the Bureau's most successful representative in the Eastern Hemisphere from the standpoint of developing friendly and workable liaison with United States and Allied officials and agents. (X U)

Espionage

His work in uncovering the German Agent, Alois Julius Hanke shortly after his arrival in Lisbon was the most important single item which established his position firmly among all officials with whom he did business in Portugal. (X U) b7C

Hanke, who was a trusted employee of an American firm in Lisbon enjoyed the confidence of the American community there, in both the diplomatic and business circles. Through an Ostrich message a report of the activities of both Agents E. J. Cronin and of Flinn, himself was passed on to Berlin. This was intercepted by the British and turned over to Special Agent Flinn. By a process of clever deduction and elimination Special Agent Flinn arrived at the conclusion that Hanke was the source of this information. He carefully interviewed Hanke several times and eventually secured his confession and in fact turned him into a valuable double agent whom he has continued to operate up to the present time. Considerable information has been secured through this double agent concerning the activities of the leaders of German espionage in Portugal and on the situation within the German Abwehr as a whole. (X U)

Flinn has recently developed several valuable informants among the Germans who have worked in Lisbon during the war or have recently returned from Latin America. Hans Josenia Geier was employed in the German Legation in Lisbon throughout the war. He has been developed by Flinn and has furnished him considerable information of value about the German Diplomatic Corps as well as about the formation of the German espionage system, in Lisbon. From him Flinn has secured a complete list of salaries paid Germans in Lisbon by the Legation and has also learned from Geier of large payments to Portuguese newspapermen who carried on propaganda activities for the Nazis. (X U)

[redacted] has had several conversations with [redacted] who appears anxious to cooperate in every way possible with the Allies. [redacted] is the former [redacted]n Ambassador to Argentine who recently was repatriated but who went [redacted]rther than Lisbon. He has furnished considerable information about the espionage activities of Germans in Buenos Aires during the war and about the Germans who have been repatriated. Much of this information corroborates material already furnished the Bureau by our Legal Attache in Argentina. (X U)

Effective Liaison

The British recently secured in Portugal German microdot and (X U)

cryptographic machines used by the German espionage system there. [redacted] was able to talk the British into keeping them in Lisbon temporarily to permit the examination of these same machines by a Bureau Laboratory Technician. Supervisor [redacted] of the Bureau is presently in Lisbon examining these machines. Since the Bureau has not had information concerning German microdot machines this opportunity should result in a most valuable addition to our knowledge of espionage techniques. S U

CC. Spain S U

Special Agent [redacted] was appointed Legal Attache to the American Embassy in Madrid, Spain and arrived for this assignment on April 24, 1944. [redacted] until a short time ago, had to operate under extremely b7C difficult working conditions because of close supervision by the Embassy officials and because of continuous complaints by OSS that he was encroaching upon their jurisdiction. In spite of this he has done an excellent job for the Bureau both in actual investigative work and in establishment of good relations with the various Embassy officials and Allied Intelligence groups in Madrid. S U

This was attested to by Inspector [redacted] who b7C inspected the Madrid office in January of 1945. S U

b7C Espionage

[redacted] most valuable contribution to the Bureau has been his handling and development of double agents both German and Japanese. At one time in the fall of 1944, he was completing arrangements and negotiations with not less than five of these individuals. These were involved in the PEP Case, CINCASE, COCase, SPANIP Case, and the MICASE. S U

As an example of his work in this type case his activity in the SPANIP Case is referred to. [redacted] was operated in the United States as a double agent by the Bureau. His principal in Madrid was [redacted] Because of unsatisfactory developments in this case [redacted] was urged to return to Spain and strengthen his setup with the Germans. [redacted] decided to interview [redacted] and he obtained from him the admission that [redacted] had set up an elaborate system of fictional agents which he represented to the Germans and the Japanese as being operated by him in the Western Hemisphere. Actually his only real agent had been [redacted] S U

b7C

He was collecting $10,000 per month from the Japanese for the operation of these agents and was furnishing fictitious information. Of b7D interest also was his statement that his activities were conducted with the knowledge and consent of the former Foreign Minister of Spain and brother-in-law of Franco, [redacted] Under [redacted] guidance Aladren made direct contact with the Japanese and eventually returned to the United States on another mission for the latter and the Germans where his every act was supervised by the Bureau. S U

Effective Liaison

b7C

Under the auspices of [redacted] arrangements have been made for the examination of some German cipher and cryptographic machines used during the war by the Nazis for espionage purposes in Barcelona, Spain. These machines were seized by the British and are being held at Madrid where a Laboratory Technician from the Bureau will shortly examine them. 5 U

Political

b7C

It was well known that the Nazis were able to operate in Spain without hindrance and in fact with open assistance on the part of Spanish officials in many instances. This was strikingly illustrated when Special Agent [redacted] who was in Spain through arrangements with the State Department for the purpose of conducting a technical security survey of Embassy establishments, was mistreated and arrested by Spanish police in San Sebastian. About 4 AM Spanish police guards outside the office building housing the German Consulate stopped [redacted] as he was passing and asked that he produce identification. He showed that he was a member of the American Embassy Staff but was refused permission to proceed to his hotel. He was then taken to police headquarters and refused permission to use the telephone. During the course of questioning by the police [redacted] was struck two blows on the head and afterwards placed in solitary confinement. He was held incommunicado for six hours. Emphatic diplomatic protests were made to the Spanish government who expressed regrets but thereafter advised that their investigation showed that [redacted] behavior justified his temporary arrest and detention. 5 U

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DD. Philippine Islands 5 U

An office was established on March 15, 1945 at Manila, Philippine Islands with the assignment of Special Agents [redacted] and [redacted] working in liaison with G-2 of the United States Army Forces in the Far East. From this assignment a considerable amount of valuable information has been obtained as to the espionage activities of the Japanese in the islands prior to and during their occupation. In addition, information is now being developed reflecting the Japanese policy of instituting the so-called reserve "Stay-Behind" agents which are rapidly being controlled in the islands. Considerable pertinent information has also been received reflecting the activities of American citizens who have been accused of collaborationist activities and suitable inquiry has instituted. 5 U

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In addition to the regular functioning of our personnel in liaison with the Counter-Intelligence Corps of the Army, Special Agent [redacted] was attached to the staff of the Provost Marshal of Manila and acted as the principal advisor and consultant in the reorganization of the Manila Police Department and the institution of a complete new system coordinated to work with the Military Police of the Army stationed there. 5 U

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ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1945—1946

STRICTLY CONFIDENTIAL

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TABLE OF CONTENTS

		Page
I.	SIS OPERATIONS AT SEAT OF GOVERNMENT	1
	A. Changes in Administration	1
	B. SIS Finances	2
	C. Monograph Unit	3
	D. World-wide Intelligence	4
II.	SIS OPERATIONS IN THE FIELD	6
	A. Administrative Changes	6
	B. FBI Legal Attaches	7
	C. SIS Employees in the Field	9
	D. SIS Police Liaison	10
	E. Security Surveys	15
III.	SELECTION AND TRAINING OF SIS PERSONNEL	17
IV.	COMMUNICATIONS AND TRANSPORTATION	18
V.	NEW YORK SIS OFFICE	20
VI.	OVERT AND COVERT COMPANIES	21
VII.	MAJOR DEVELOPMENTS	22
	A. Espionage and Sabotage	22
	B. Contribution to Argentine Blue Book	26
	C. Expulsions, Internments, and Repatriation	28
	D. Economic Matters	29
	E. Communism	36
	F. Soviet Trade Activities in Latin America	43
	G. SIS Statistics	46
VIII.	ACCOMPLISHMENTS BY COUNTRIES	49
	Argentina	49
	Bolivia	52
	Brazil	54
	Canada	56
	Chile	58
	Colombia	59
	Costa Rica	61

SECRET

SECRET

	Page
Cuba	62
Dominican Republic	64
Ecuador	65
England	66
France	69
Guatemala	71
Haiti	72
Honduras	73
Italy	74
Japan	75
Mexico	77
Nicaragua	80
Panama	81
Paraguay	83
Peru	84
Philippine Islands	86
Portugal	88
Salvador, El	90
Spain	91
Uruguay	93
Venezuela	94
Army Liaison Units	95

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I. SIS OPERATIONS AT SEAT OF GOVERNMENT

A. Changes in Administration

During the fiscal year of 1945-1946, the SIS Section continued to operate with two Units, Operations and Investigative, each under a Supervisor responsible to the Assistant Section Chief and Section Chief.

During the war, there was in SIS a desk handling special major espionage cases. Most of the major cases were wound up shortly after the close of the war, and the special desk was eliminated. This desk had been handling, of course, cases originating principally in Latin America. S Y

Because of the ever-increasing importance of Communist coverage in Latin America, the group of Supervisors in SIS handling Communist reports was increased from three to four during August, 1945. S Y

In October, 1945, the former Espionage Unit of the Security Division was reduced to two Supervisors and was moved into the SIS Section for administrative purposes. The Monograph Unit within SIS which was composed of four Supervisors continued at full strength until June, 1946 when it was abolished in view of the fact that SIS may not continue its operations on a permanent basis.

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B. SIS Finances

For SIS operations during the fiscal year 1946, the amount of $2,946,357.00 was made available to the Bureau. This amount consisted of $175,000.00 of unexpended funds from the 1945 allocation and a new allocation of $1,325,000.00 received on July 6, 1945, and $1,446,357.00 received on December 4, 1945.

As of June 30, 1946, the sum of $2,791,409.44 had been expended as follows:

Salaries		$1,481,758.97
Living and Quarters Allowances		380,330.51
Expenses		524,747.92
Informants		386,058.22
General Expenses		8,261.46
Property	$11,723.75	
Less: Miscellaneous receipts	4,494.70	7,229.05
Entertainment		3,033.31
Total		$2,791,409.44

These amounts, of course, do not include amounts expended or obligated as of June 30, 1946, for which accounts had not been received at the Bureau as of that date.

For the fiscal year 1947, the Bureau has available the sum of $3,000,000.00 which has been included in the regular Bureau's appropriation.

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C. Monograph Unit

The Monograph Unit was established as a result of a favorable recommendation contained in the Executive Conference memorandum dated January 16, 1945, and subsequently approved by the Director. At its inception four men were assigned to this work. When it appeared that SIS would curtail its activities, the Unit was reduced in number to one man. On subsequent expansion of SIS it was increased to the original number.

The Monograph Unit has been engaging in assembling, classifying, evaluating and composing in permanent book form vast quantities of investigative data provided by SIS men on foreign assignments. In addition to this, detailed reviews of Bureau records are made to secure any valuable supplementary information gathered from divers sources. (U)

On completion the Monographs are distributed to such people as the President, the Attorney General, the Secretary of State, the Secretary of War, the Secretary of the Navy, Military Intelligence, Naval Intelligence, Director of the new Central Intelligence Group, Royal Canadian Mounted Police, British Intelligence, the Commissioner of Police for New Zealand, Director General of Australian Secret Service and all Legal Attaches. (U)

The Unit has prepared, written and distributed during the past year such Monographs as "The Police in Latin America," "Haiti," "The Japanese in Latin America," "The Communist Movement in Latin America," and "German Espionage in Latin America." (U)

The Monograph Unit has also finished the following Monographs, which are currently in the process of being printed: "Communism in Cuba," "The French in Latin America," "Labor-Communism in Mexico," "Labor-Communism in Central America," and "Labor-Communism in Cuba." (U)

In view of the impending curtailment of SIS activities the Monograph Unit was closed in June, 1946.

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D. World-Wide Intelligence

After the end of the war and prior to the fiscal year, the principal proposal for the establishment of world-wide secret intelligence for the United States Government had been made by General William J. Donovan, the Director of the Office of Strategic Services. His plan was to create a new agency in the Executive Office of the President to direct and control all intelligence work by supervising the existing intelligence agencies and by establishing its own field force where desired. The Joint Chiefs of Staff had a similar plan except that the Agency would be under the control of a board consisting of the Secretary of State, Secretary of War and the Secretary of Navy. Both plans were exceedingly objectionable in that the agency created would not be subject to legislative control, departmental authority, jurisdiction or responsibility. The Bureau's plan, of course, was the extension of the present SIS system with the addition of a high-ranking member of the State Department to the intelligence board, composed of the Directors of ONI, G-2 and FBI, and the establishment of a research and analysis section in the State Department.

After the death of President Roosevelt, the Donovan Plan was definitely discredited. President Truman issued an order dissolving the Office of Strategic Services, transferring the Research and Analysis Branch to the State Department and the Field Forces to the War Department. The Office of Strategic Services in the War Department was then placed under an Assistant Secretary of State and not under G-2 and was relabeled the Strategic Services Unit.

It was learned confidentially that on December 3, 1945, Alfred McCormack, Assistant Secretary of State, who was transferred to the State Department with the Research and Analysis Branch of OSS, proposed the establishment of an intelligence agency which should be governed by a board consisting of the Secretary of State and the Secretaries of War and Navy. The Executive Secretary of the Intelligence Agency was to be appointed by the Secretary of State and was to be an official of the State Department. McCormack proposed the establishment of numerous advisory boards, committees, etc. This plan while preserving all the objectionable features of the Donovan plan was even more obnoxious.

While the McCormack plan was being prepared for presentation to the President, the President issued an Executive Order establishing the National Intelligence Authority and the Central Intelligence Group dated January 22, 1946. This plan basically provided for the NIA composed of the Secretaries of State, War and Navy and a representative of the President to be the governing board. The Central Intelligence Group was to be a coordinating agency and was not to operate in the field. The personnel of the CIG was to be obtained from State, War and Navy and no authority was given to the CIG or NIA except over the State, War and Navy Departments. The President, however, instructed the other governmental agencies to cooperate with the CIG.

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After numerous surveys by the Central Intelligence Group, the Planning Board finally prepared a proposed directive in which the FBI would extend its system presently in operation in Latin America throughout the world. On May 20, 1946, after consultation with the Attorney General, the Planning Board was advised that the FBI did not desire to extend its operations into the Eastern Hemisphere. (S) (U)

At the end of the fiscal year, the CIG was readying a directive to be issued by the NIA which would give the CIG the authority to establish a world-wide field operational force of its own. (S) (U)

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II. SIS OPERATIONS IN THE FIELD

A. Administrative Changes

Latin America S U

Because of the fact that after the close of the war their value to the Bureau had decreased to a considerable extent, the offices in Port-of-Spain, Trinidad and Curacao, N. W. I., were closed and Bureau personnel withdrawn. This took place during December, 1945. S

Europe S U

During the fiscal year 1946, the normal functioning of our offices in London, England, Lisbon, Portugal, Madrid, Spain, Paris, France and Rome, Italy has continued. There is presently assigned one Agent to each of the following posts: London, Rome, Lisbon and Madrid. Two Agents are assigned to Paris. S U

The major change in the European picture occurred in October, 1945, when all Agents assigned to Army liaison in Europe were recalled. At the beginning of the fiscal year, 1945-1946, two Agents were assigned to the Army in Vienna, five to the Army in Italy and a group of eleven Agents were divided between Army liaison in Paris, France and Frankfurt, Germany. However, in October, 1945, General Edwin L. Sibert requested that the number of Bureau Agents assigned to the European Theater in a liaison capacity be reduced to two men. Since the Bureau felt that it was impossible to maintain effective liaison according to the Bureau standards of efficiency under these circumstances, it was decided to withdraw all our personnel who were assigned to the European Theater in a liaison capacity. S U

Far East S U

At the beginning of the fiscal year 1945-1946, there were four Agents assigned to the Philippine Islands attached to General MacArthur's staff. When MacArthur moved on to Tokyo in September, 1945, our personnel in Manila was reduced to one representative, Special Agent [redacted] who continued in that post until June, 1946. It was decided to close the Manila office in June, 1946, because the Philippine Islands were scheduled to receive their independence on July 4, 1946. Consequently, there was no valid reason for maintaining liaison representation with the Army in Manila after that date. S U b7C

In September, 1945, Special Agent [redacted] arrived at Yokohama with the first echelon of General MacArthur's staff. A short time thereafter he was joined by Special Agent [redacted] Special Agent [redacted] returned to the United States in December for a special assignment at the Seat of Government. In March, 1946, Special Agents [redacted] and

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[redacted] departed for Tokyo. At the present time these two men are representing the Bureau in Tokyo in a liaison capacity with General MacArthur's staff. Special Agent [redacted] was recalled in June, 1946.

Special Continental Assignments

Special Agents [redacted] and [redacted] b7C ., who were in Europe at the request of the State Department for the purpose of making security surveys in the American Embassies throughout the European Continent have now returned to the United States. These Agents traveled through practically all of the capitals of the European Continent including Scandinavia.

On May 6, 1946, SIS Supervisor [redacted] traveled to Germany with a State Department representative, at the request of the State Department, in order to interrogate members of the German intelligence service, "Stay Behind" group, which had been repatriated from Argentina to Germany. Agent [redacted] was in Europe for approximately six weeks. During this time he worked closely with [redacted] since most of the persons whom he desired to interrogate were located in the British Zone. b1 b2

B. FBI Legal Attaches

With the closing of the Bureau offices in Curacao, N.W.I. and Port-of-Spain, Trinidad and the establishment of our office in Tokyo, Japan, the Bureau has Legal Attaches assigned as follows, as of June 30, 1946:

Buenos Aires, Argentina
La Paz, Bolivia
Rio de Janeiro, Brazil
*Ottawa, Canada
Santiago, Chile
Bogota, Colombia
San Jose, Costa Rica
Havana, Cuba
Ciudad Trujillo, Dominican Republic
Quito, Ecuador
London, England
**Paris, France
Guatemala City, Guatemala
***Port-au-Prince, Haiti
Tegucigalpa, Honduras
****Rome, Italy
*Tokyo, Japan
***Mexico City, Mexico
Managua, Nicaragua
Panama City, Panama
Asuncion, Paraguay
Lima, Peru
Lisbon, Portugal
San Salvador, El Salvador

Madrid, Spain
Montevideo, Uruguay
Caracas, Venezuela

*Representative carries title of Liaison Officer rather than Legal Attache

**Representative carries title of Attache rather than Legal Attache

***Representative carries title of Civil Attache rather than Legal Attache

****Representative carries title of Vice Consul rather than Legal Attache.

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C. SIS Employees in the Field

The following chart reflects the changes in the personnel on SIS Field Assignment during the Fiscal Year 1946:

FISCAL YEAR 1946

	Start (6/30/45)	End (7/1/46)	Increase (Decrease)
Countries to which assigned:	32	27	(5)
Cities to which assigned:	42	33	(9)
Personnel Assigned:			
Legal Attaches	27	22	(5)
Special Agents	148	109	(39)
Special Employees	8	7	(1)
Clerical Employees	99	93	(6)
Radio Employees	20	28	8
Traveling Legal Attaches	0	0	0
Traveling Supervisors	0	0	0
TOTAL	302	264	(48)

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D. SIS Police Liaison

Since July 1, 1945, Police Liaison Agents have been assigned to San Jose, Costa Rica; Quito, Ecuador; Guayaquil, Ecuador; Panama City, Panama; and Lima, Peru. The Police Liaison Agent in Costa Rica was recalled in February, 1946, at the request of the Ambassador, who stated that he felt that the work of the Police Liaison Agent had been completed and that there was no necessity for him to remain in that country. As of June 30, 1946, the number of Police Liaison Agents was sixteen in eleven countries, namely Brazil (3), Chile, Colombia, Cuba, Ecuador (2), Guatemala, Honduras, Panama, Paraguay, Peru (3), and Venezuela. ✗ U

While the war lasted the activities of the Police Liaison Agents were limited mostly to working with the Police on such matters as espionage, sabotage, and subversive activities. Since the end of the war, many of the Police Liaison Agents have been requested to organize schools and give lectures pertaining to regular criminal matters. ✗ U

Colombia ✗ U

In Colombia, during the period between August 20 and September 4, 1945, Police Liaison Agent [redacted], at the request of the Departmental Governer, conducted a police school in Medellin, Colombia. Ninety students, including detectives, officers, and agents of the Departmental and Municipal Police, attended the classes which were held for eight hours each day. At the inaugural and closing session of the school, ranking governmental and police officials made speeches lauding the Bureau and the Director and expressing appreciation for the value of the school given by Agent [redacted] ✗ U b7C

On his return to Bogota from Medellin, Agent [redacted] was requested to give a series of lectures to a select group of detectives in Bogota. He gave an hour lecture each day over a period of three weeks. This school was also extremely well received. ✗ U b7C

Costa Rica ✗ U

During the latter part of October, 1945, Special Agent [redacted] was transferred from Colombia to Costa Rica. His arrival in San Jose was heralded by complimentary news articles accompanied by pictures of Agent [redacted] When he was introduced to Costa Rican police officials, the latter were extremely enthusiastic and appeared to be genuinely interested in receiving whatever help, suggestion and guidance Mr. [redacted] might be able to offer them. Colonel Daniel S. Gallegas, Sub-Secretary of the police, requested [redacted] to spend two or three weeks making a survey and study of the police system in Costa Rica in order that a suitable curriculum might be selected for a school. This was done and on December 3, 1945, the school was inaugurated. Honorary guests at the inauguration ceremony included the President of Costa Rica, Teodoro Picado; United States Ambassador, Hallett Johnson; and high ranking officials of the Costa Rican Government. The school was attended by approximately two hundred students and it lasted twelve days. At the termination of the school, ✗ U

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President Picado expressed his appreciation for [redacted] work and the leading police officials stated very strongly that the school had been of inestimable value to their organization. b7C

Guatemala

Shortly after his arrival in Guatemala City, Police Liaison Agent [redacted] was requested to conduct a school. This school was inaugurated on April 16, 1945, and lasted until July 16th. It was attended by seventy-six students, including the Director of the Guardia Civil and all the Assistant Directors. Another similar school was given by Agent [redacted] during the period between January 15 and April 15, 1946. The latter school was attended by eight-two students. b7C

At the opening and closing ceremonies of the schools at Guatemala the Guatemalan officials were very effusive in expressing appreciation to the Bureau for having sent Agent [redacted] to Guatemala. Colonel Sandoval, Head of the Guatemalan Police, recently sent a letter to the Director stating that the services of Agent [redacted] had been of great value and assistance to the Guatemalan Police. Plans are already being made by Colonel Sandoval, the Guatemalan Minister of Justice, and Agent [redacted] for another school, which will begin in the very near future. b7C

Honduras

During the early part of 1945, the Honduran National Police made inquiry concerning the possibility of having a Bureau Agent sent to Tegucigalpa for the purpose of establishing an identification unit for the Honduran Police. The request was sent through formal diplomatic channels and Agent [redacted] was selected for this assignment. He arrived in Tegucigalpa on April 5, 1945. After conferences with the head of the Honduran National Police and with President Tiburcio Carias Andino, Agent [redacted] assisted in the selection of two students who were to begin the study of fingerprints. Formal classes were started on April 15, 1945. Each day was divided into classroom instruction and actual practice in the classifying and taking of fingerprints. While instruction continued, work was completed on the necessary file cabinets and other furnishings for the identification unit. On May 18, 1945, the two students were believed to be sufficiently qualified to begin practical work, and on that date a program was started whereby all persons arrested by the police in Tegucigalpa on felony charges were fingerprinted. b7C

Shortly after July 1, 1945, three additional students entered this school to be trained by Agent [redacted] In addition to being instructed in the system of classification, they were also given training in the use of the iodine fuming cabinet, the process of dusting for latent fingerprints, and the use of the fingerprint camera.

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On January 24, 1946, another identification office was opened in San Pedro Sula, second city of the Republic of Honduras. One of the employees from Tegucigalpa who had been trained by Agent [redacted] was placed in charge of the office in San Pedro Sula and was aided in getting it started by Agent [redacted] who remained in San Pedro Sula for about ten days. b7C

The Honduran National Police now intend to establish fingerprint offices in the capitals of all the departments of the country. The National Congress has already appropriated a sum sufficient for this purpose. In order to take care of this expansion, it will be necessary to train sixteen more employees. The greater part of this training will be given to them by Special Agent [redacted].

The officials of the Honduran Police are very appreciative for the work which has been done by Agent [redacted] and General Reina, Director General, has already advised Mr. Hoover of the success of the efforts of Agent [redacted]. b7C

Panama

During the period between January 21 and May 4, 1946, Police Liaison Agent [redacted] conducted a training school for the detectives of the Panamanian National Secret Police. This school was attended by fifty-five detectives. The President of Panama, as well as United States Ambassador Hines, showed a lot of interest in the organization of the school and Agent [redacted] was praised highly for his work in connection with the training program. The Head of the National Secret Police has already made plans for a school to be conducted by Agent [redacted] on the other end of the Isthmus in Colon. [redacted] has already begun these classes, and it is expected that this class will last until the latter part of July. b7C

President Jimenez personally expressed his thanks to Agent [redacted] and has told him that he considers that the Bureau has rendered inestimable service to the Government of Panama in allowing Agent [redacted] to provide instruction for the local secret police.

Peru

During the last week in December, 1945, Ambassador William D. Pawley, who was then in the United States, came to the Bureau and personally requested that two Bureau Agents be sent to Lima, Peru to act as instructors and advisors to the Department of Investigations. Ambassador Pawley emphasized that he had a strong personal interest in this request, since he wished to demonstrate to the Peruvian Police that he was anxious to assist them in any way possible. Two agents, [redacted] and [redacted] were selected and trained for this assignment and arrived in Lima around the first of April, 1946. Since their arrival they have been studying the setup

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of the Peruvian Police with the wholehearted cooperation of the Minister of Government and Chief of Police. It is expected that within the very near future they will begin giving classes to the detectives of the Department of Investigations. [redacted] and [redacted] are experienced Bureau Agents and have received many of the specialized courses given by the Bureau in training qualified police instructors. It is believed that the courses which will be offered to the Peruvian Police will be of great value. b7C

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Venezuela

At the request of the National Police of Venezuela, Police Liaison Agent [redacted] is presently conducting two classes a week at the National Police School before a group of 151 students. Fifty-one of these students are being trained for work with the Department of Investigations, and the remaining number will become employees of the Venezuelan National Guard, which is a uniformed police body. Since the Revolution in Venezuela during the latter part of 1945, the new police officials have been very friendly with Bureau representatives and have appeared anxious to improve the efficiency of their organizations.

Other Countries

Although no schools have been given in the other Latin American countries where the Bureau has Police Liaison Representatives, the latter have continued to work closely with the local police in matters of mutual interest. Despite many changes which have taken place in various countries among the police officials, Bureau representatives have been able to make friends quickly with the incoming officers and have been called upon often to furnish advice as to investigations, reorganization plans, etc.

Visitors to the Bureau

There are being listed below the names of prominent police officials from other countries who have visited the Bureau since July 1, 1945.

Major Federico Mindello Carneiro Monteiro - Former Director of the Division of Political and Social Police of the Federal Department of Public Security in Rio de Janeiro, Brazil, now Assistant Military Attache at the Brazilian Embassy in Washington. Close friend of Police Liaison Agent [redacted] He was given a tour of the Bureau on August 3, 1945. b7C

Joaquin de Olivierra Sampaio - Representative of the Brazilian Chief of Police, on a purchasing mission to the United States, was given a special tour of the Bureau on August 4, 1945.

Mr. E. J. Van der Kreeg - Formerly in charge of the Dutch Police in Curacao, N.W.I. He was in the United States for a few weeks

en route to Australia and Dutch East Indies to act as Commissioner of Police in one of the major cities. He was given a tour of the Bureau on July 27, 1945.

Chief Gilbert B. Brook, Sr. - Lago Oil and Transport Company Police, Aruba, N.W.I. He was given a tour of the Bureau and Armory on August 22, 1945.

Captain Santiago Barbosa - Formerly commanded the Fourth and Fifth National Police Divisions in Bogota, Colombia; now Assistant Military Attache at the Colombian Embassy in Washington. He was a valuable contact of the office of the Legal Attache in Bogota and rendered important assistance in the "Apfel" case. He was given a tour of the Bureau in October, 1945.

Major Abel Modesto Quintero - Formerly Inspector General of the Panamanian Secret Police; now Military Attache at the Panamanian Embassy in Washington. He was given a tour of the Bureau on December 6, 1945.

Ambassador Joaquin Vallarino - Panamanian Ambassador. He accompanied Major Quintero, above, on a tour of the Bureau on December 6, 1945.

Brigadier General Ramon Jimenez Delgado - Chief of the Police of the Federal District of Mexico. He was invited to attend the graduation exercises of the FBI National Academy held on March 29, 1946. The General accepted and was accompanied to the United States by Captain Jorge Matthain and Colonel Carlos Espinosa, Head of the Identification Division of the Police of the Federal District of Mexico. The party was in the United States for approximately seven days and was accompanied at all times by Bureau Agents acting as escorts. General Jimenez was a guest of honor at the graduation exercises. He and the other members of his party were very grateful for the entertainment and other courtesies provided them during their stay in the United States.

During the first quarter of 1946 the following individuals visited the Bureau and were given tours of the facilities in Washington:

W. A. Calver - Scotland Yard
Captain Gonzalo Ruiz - Guardia Civil of Ecuador
Lt. Col. C. M. C. Henderson - Formerly British Security Officer in Kingston, Jamaica
Colonel F. Seal Coon - Former British Security Officer at Trinidad
Felipe Gonca Mont - Professor of Penal Law at the Technical Institute of the Judicial Police of Mexico. He was given a tour during the afternoon of May 28, 1946.

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B. Security Surveys

During July, 1945, a Special Agent from the FBI Laboratory left Washington to conduct a security survey of the telephone installations in the Embassy at Panama, R. P. This Agent in September, 1945, made a general security survey of the Embassy in Lima, Peru.

In July and August, 1945, at the request of the State Department, a Special Agent of the FBI Laboratory conducted detailed technical security surveys of the telephone installations in the Embassies in Rio de Janeiro, Brazil and Buenos Aires, Argentina. This Agent then proceeded to Haiti, Dominican Republic, Curacao, N. .., Venezuela and Ecuador where similar surveys were made. As a result of these surveys, recommendations were made to the appropriate Ambassadors for improving the security of those Embassies.

As a result of the successful surveys made in Latin America, the State Department requested the Bureau to conduct complete surveys of the Embassies in Europe. Accordingly, between July 1, 1945 and July 1, 1946, two Special Agents from the FBI Laboratory conducted complete security surveys of the facilities and practices in the Embassies and Consulates located in the following countries:

Finland	Switzerland
Norway	Poland
Turkey	The Netherlands
Egypt	Italy
Greece	Belgium
Denmark	France
Bulgaria	Luxembourg
Roumania	
Yugoslavia	
Czechoslovakia	
Austria	
Hungary	

One of these Agents also conducted a complete security survey of the facilities for the Big Four Paris Conference.

During the time these surveys were being made, separate reports for each survey were given to the State Department with appropriate recommendations and suggestions. A final and complete report of these surveys will be submitted in the near future.

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During the early part of 1946, a special request was received from the State Department that a general and complete security survey be made by the Bureau of the facilities and practices in the Embassy at Buenos Aires, Argentina. Accordingly, on May 15, 1946, a Special Agent from the Bureau Laboratory proceeded to Argentina to conduct this survey. As of June 30, 1946, the survey had not been completed. It is contemplated that it will be finished in the very near future.

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III. SELECTION AND TRAINING OF SIS PERSONNEL

On August 13, 1945, there was begun an SIS In-Service School for Agents which was attended by fifteen Agents from the SIS field and approximately thirty from the domestic field. This school lasted for two weeks. The Agents from the domestic field were volunteers who had expressed a desire for SIS assignment. Many of these Agents have now been sent to SIS posts. ✓

During the period between May 6 and May 17, 1946, a school was held for approximately thirty clerks and stenographers from the domestic field. All of these clerical employees had expressed a desire for SIS assignment and the school was designed to train them for such assignment. Many of this group have already been sent to SIS offices. ✓

Plans were made for another SIS In-Service School for Agents to be held during May or June. However, this school is being held in abeyance until the future status of SIS is more definitely determined.

The Legal Attaches were formerly required to hold Agents' Conferences quarterly and Clerical Conferences monthly. However, during April, 1946, in line with similar changes in the domestic field, the Legal Attaches were instructed to hold these conferences semi-annually in the future. ✓

In the selection of personnel for SIS assignment, strong consideration has been given to length of domestic field experience, and as far as has been feasible, Special Agents with at least three years domestic field experience have been selected for SIS assignment. As far as possible the policy of selecting personnel only from volunteers has been continued. ✓

IV. COMMUNICATIONS AND TRANSPORTATION

During January, 1946, a Bureau radio station was established in the SIS Office in the American Embassy at Managua, Nicaragua. This station commenced operation February 5, 1946. During March, 1946, a new station was installed in the American Consulate at Guayaquil, Ecuador and started operation on March 20, 1946. This station is used only as an emergency measure for communication only with Quito as the commercial cable facilities between the two cities are unsatisfactory. No messages are transmitted directly between the Bureau and Guayaquil.

During the early part of April, 1946, a new Bureau radio station was installed in the SIS Office at Caracas, Venezuela. This station started operation on April 29, 1946.

Early in 1946, the Ambassador at Bogota, Colombia, suggested that the Bureau install in his home an emergency radio transmitter so that he might be able to communicate with Washington in the event of trouble during the forthcoming elections which were scheduled to be held on May 5, 1946. Accordingly, on May 1, 1946, a low-powered portable emergency transmitter was installed in the Ambassador's home. Although it was not necessary to use this transmitter during the elections it is still being retained in the Ambassador's home for his and Bureau's use in the event of political trouble in Bogota.

As of June 30, 1946, a total of fourteen radio stations in the SIS network were in operation. These are located at the following places:

La Paz, Bolivia
Bogota, Colombia
Havana, Cuba
Lima, Peru
Montevideo, Uruguay
Quito, Ecuador and Guayaquil, Ecuador
Managua, Nicaragua
Asuncion, Paraguay
Rio de Janeiro, Brazil
Santiago, Chile
San Jose, Costa Rica
San Salvador, El Salvador
Caracas, Venezuela

The Bureau mail between the Bureau and SIS Offices continues to be transmitted by means of the Diplomatic Air Pouch and Diplomatic Air Courier Pouch with the exception of mail for our Liaison Representative in Tokyo, Japan, which is handled by the Army. S U

In connection with the transmittal of mail, it was felt that there was always the possibility that someone outside the Bureau might find occasion to open surreptitiously the Diplomatic Pouch. Accordingly, there was developed, by the Bureau Laboratory, a system of tamperproofing the envelopes containing Bureau mail in such a way that subsequent examination of these envelopes by the Laboratory would indicate whether or not an attempt had been made to open them. This system of tamperproofing has been of great value in safeguarding the security of Bureau mail. On several occasions the Laboratory has been able to develop strong indications that Bureau mail has been tampered with. S U

With the cessation of hostilities the system of priorities for travel was discontinued. Most of the travel by the Bureau employees in the SIS Field is performed by air. However, with the increase in the commercial air facilities and the beginning of regular schedules by the steamship companies, the travel of employees has been greatly facilitated. Bureau employees are occasionally permitted to travel by boat where it has been ascertained that the cost of such travel is cheaper than air travel. S U

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V. NEW YORK SIS OFFICE

During the latter part of 1945, the New York SIS Office was moved from its former address at Rockefeller Center to the office of the New York City Field Division in the United States Courthouse, Foley Square, New York City. This change was considered feasible as an economy move in view of the uncertainty existing as to the Bureau's future in the foreign field.

During the past fiscal year, contact has been made with leading executives of news services and considerable information as well as assistance has been realized from these sources. Close liaison has been maintained with top ranking officials of Government agencies as well as with informants who have been able to furnish valuable information concerning foreign intelligence activities. During the past year, a very cooperative relationship has existed between the New York SIS Office and the United States Employees' Compensation Commission, and appropriate compensation to Bureau personnel who have become ill on official Bureau assignment has been awarded. An efficient procedure for handling these cases has now been perfected and all claims are passed upon by the Commission at a minimum loss of time.

The New York SIS Office continues to represent the Bureau at the Foreign Intelligence Conferences attended by representatives of the Army, Navy, Foreign Economic Administration, Customs and Immigration Service. Through attendance at these conferences, the Bureau has been able to learn about the intentions and plans of these agencies in foreign intelligence fields as well as to pick up incidental foreign intelligence information which is of interest to the Bureau.

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VI. COVERS AND COVER COMPANIES (S) (U)

At the present time there are eighty-six large corporations which are available as covers for Agents and of these, nineteen are presently being used. Three new cover companies have been developed during the past fiscal year and these are listed below: (S) (U)

[redacted] (U)

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In addition to the above, there are presently being used as covers the following corporations: (S) (U)

[redacted] (S) (U)

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b7E

It is believed that the above companies are sufficient in number to provide all the covers necessary for Bureau personnel under existing conditions. However, should the Bureau find it necessary to enlarge its undercover program, considerable more corporations could be developed for use as SIS cover companies and the New York SIS Office is constantly alert in probing the potential of other companies in this connection. (S) (U)

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VII. MAJOR DEVELOPMENTS

A. Espionage and Sabotage

Espionage

The German and Japanese Intelligence Services deteriorated in efficiency along with the deterioration of the military position of their respective countries. Thus by the end of 1944, neither German nor Japanese Intelligence was very efficient or successful in the Western Hemisphere. A number of cases were brought to a logical conclusion by Agents working in Europe, Japan and the Western Hemisphere. The HDZ, EFE and Clog cases were brought to a logical conclusion and the overwhelming majority of the personnel in these cases who had not previously escaped to Europe or to Japan were incarcerated. Since it was the final refuge, most of the arrests took place in Argentina although some few individuals, particularly in the Clog case, remained in Mexico. The outstanding developments in the general espionage field during the period are the successful conclusion of these cases, the effective detention of some one hundred forty actual espionage agents in the Western Hemisphere, the denouement of the so-called "Unternehmen Bolivar" (the landing of agents on the southern coast of Argentina by sailing vessels), and the detention and repatriation of the members of the OIS "stay behind" group in Argentina. The last mentioned development needs a little amplification. X 21

One Ernst Schleuter, active in Chile as a German espionage agent, fled to Argentina at the time of the original FYL arrests in Chile. Schleuter put himself in touch with General Friedrich Wolf, German Military, Naval and Attache for Air and the ranking Intelligence Officer in South America. Wolf trained Schleuter in espionage methods and prepared him to take over the OIS in Argentina when it became necessary for Wolf, as well as all other German diplomats, to be repatriated to Germany. Schleuter was financed by Wolf in the following manner. Shortly before the departure of the Embassy group from Argentina to Germany, Wolf distributed sums of money among various "good" Germans. Wolf delivered 80,000 pesos ($20,000.00 U. S.) to Ludwig Freude, a very prominent businessman in Argentina. Like sums were turned over to Dr. Conrad Riedel and Hans Ineters. Forty thousand pesos each were turned over to Friedrich Frohwein and Albert Mezger. Mezger was an early associate of Franz Buchenau, a principal member of the Clog case in Mexico City. All of the depositaries were given instructions that they were to surrender any sum of money up to the total of the amount deposited with them to a person who would come to them with the password "die dogge diana". Actually it appeared that only Schleuter and one Horst Busse ever withdrew any funds from the depositaries and at the time the case was broken up, the subjects had withdrawn and expended slightly in excess of one hundred thousand pesos. X 21

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Schleuter's principal assistants were Horst Busse, Rolf Haehling, Hans Thomas, Kurt Lange, Frank Holzmann, Hans Grotewold, Alberto Mirkin, and Armando Kosard. S U

Information concerning Schleuter and his group was furnished to the Argentine government on a confidential basis by both the American and British governments. Numerous members of the organization, including the financiers were detained by the Argentine police between April, 1945, the last date upon which there was any real activity on the part of the group, and September, 1945. By September, 1945, Busse, Hans Thomas and Schleuter were still at large. The Argentine police approached the Legal Attache for assistance in securing the detention of these individuals. An informant of the office of the Legal Attache (through highly creditable work on the part of Special Agent [redacted] was instructed to "set up" Thomas and Schleuter for the Argentine police. This was done. The only member of the organization who has not been detained to date is Rolf Haehling. Schleuter and most of his assistants who had German nationality or birth were repatriated to Argentina on the "SS Highland Monarch" in February of 1946. The entire group was interrogated in Germany by an SIS Agent at the urgent request of the State Department. S U

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Arnold Starck, an assistant of Schleuter, is credited with having operated the last clandestine radio station in the Western Hemisphere. In late January and early February of 1945, unidentified, untraced radio signals were heard. Through interrogation of Schleuter it was learned that these signals were being sent by Arnold Starck under instructions from Schleuter. At a cost of some 7,000 pesos ($1,750.00 U. S.) Starck had constructed a clandestine transmitter for Schleuter who was most anxious to reestablish radio contact with Germany. Under the nose of the Argentine police, Starck and Schleuter managed to secure from Gustav Utsinger, who was in jail in Buenos Aires for his work in radio station DNZ, full details about hours of transmission, call letters and wave lengths for maintaining contact with the German station. The calls heard in January and February of 1945, were never answered and Starck and Schleuter have both asserted that they were completely unable to establish a contact with the German station. S U

After the failure of Unternehmen Bolivar, the SD became frantic to get some sort of coverage in the Western Hemisphere. Their frantic efforts can to some extent be illustrated by a recital of a few of the facts in the case of Johannes Christian Zuehlsdorf. Zuehlsdorf was trained in a SD espionage school in Germany along with Colepaugh, Gimpel, Schneemann, and Willms, all of whom were consigned to the Western Hemisphere. After a considerable period of floundering around in Europe, attempting to get to the Western Hemisphere, Zuehlsdorf found himself in Barcelona, Spain, with a fraudulent Argentine passport in the name of Juan Vicente Collins, after the European war had ended. It is not without interest to note that the passport which had been prepared by the Document Forging Section of the SD S U

had expired prior to the date Zuehlsdorf had arranged for his departure from Europe. Accordingly, Zuehlsdorf went to the Argentine Consulate in Barcelona to get his passport revalidated and renewed. Instead of renewing Zuehlsdorf's passport, the Argentine Consul issued Zuehlsdorf a new one on the basis of the fraudulent document presented by him. With this document and well supplied with funds and paraphernalia, Zuehlsdorf boarded a Spanish passenger liner for South America. He was recognized by a British Port Security Captain in Trinidad, taken off the ship and is now in New York awaiting repatriation to Germany. Zuehlsdorf has made lengthy statements about his activities. S U

A number of statements made by the notorious Johannes Siegfried Becker since his detention in April of 1945, have been received. Becker, who is generally regarded as the most capable of the German agents in the Western Hemisphere, has filled in some of the missing links in the GIS picture, but as yet it has not been possible to obtain from his details about the motivation and technicians employed by the SS in penetrating the Argentine government and throughout the governments of countries adjoining Argentina. S U

It will be recalled that one of the most successful operations of the GIS in the Western Hemisphere was the successful Bolivian Revolution of December 20, 1943. The German clandestine radio traffic supplies the evidence which proves that Major Elias Belmonte (Pabon), a notorious German agent, was the director of this revolution. Although there has been considerable agitation for a declaration that Belmonte is a war criminal because of his activities on behalf of the Germans, the good people of the altiplano in one of the Congressional Districts elected Belmonte "in absentia" to the Bolivian Chamber of Deputies on May 5, 1946. There is at present a vigorous campaign calling for the return of Belmonte to Bolivia in order that he might take his seat in the Chamber of Deputies. Unless a firm stand is taken by the United States it seems most likely that Belmonte, an ardent German agent during the war and an unreconstructed enemy of the United States will return to prominence in Bolivia. S U

The activities of Rafael Casau (Jurado), an individual thought to be a German agent en route to Cuba, were covered extensively by SIS but it has not been possible to connect him with espionage activities. S U

The Liaison Office in Lisbon developed information showing the close collaboration between the Portuguese secret police and the GIS. S U

The activities of the Liaison Agent in Madrid were devoted largely to the handling of double agents and developing information about the degree of cooperation between officials of the Spanish police and the GIS. Naturally Spain was a focal point for much of the information brought to light contemporaneously at the end of the war. S U

Although Fritz Arthur Berthold Kabe was arrested in April of 1945, it was not until June and even later of the same year that accurate information concerning his activities was received. Kabe confirmed the information that he was employed by the OIS in 1940, and communicated with Federico Kempter, operator of radio station LZ in Brazil. Kabe implicated Horacio Camejo Assi, as well as numerous other individuals, most of whom were detained in April of 1945. Kabe established contact with the German Embassy in Buenos Aires after his connection with Kempter was broken. After the departure of the German diplomats and as a matter of fact even after the detention of Kabe himself by the Uruguayan police in April of 1945, Kabe maintained contact with the German "stay behind" group in Argentina through Marta Pintos and Ernesto Brito. Recently Kabe has furnished information to the Uruguayan police about his relations with a [redacted] known to Kabe as [redacted] It is anticipated that the Uruguayan police may become sufficiently active that they will arrange for the detention of [redacted] b7C b7D

Sabotage

In mid 1945, the so-called "Apfel" sabotage case was finally brought to a logical conclusion. Albert Julius Von Appen (Oestmann) confessed to the Chilean police that he was "Apfel", the sabotage leader of all serious German sabotage in Latin America. Von Appen stated that he contacted Dietrich Niebuhr, former Naval Attache of Germany, in Buenos Aires, in January of 1940. Niebuhr told Von Appen not to proceed with active sabotage until he received specific instructions. Von Appen advised that his group included Kurt Heur of Lima, Peru, Boris Dreher of Santiago, Chile, Bruno Johannsen, Oscar Poensgen, and Alfred Peltzer. The principal assistant of Von Appen in Brazil was Dr. Blass, alias Braun. Blass admitted to the Brazilian police that he participated in the sabotage ring and that the equivalent of $80,000.00 U. S. was made available to him and another subject named Karl Gohl. This money was for sabotage purposes. Blass' assistants in Rio de Janeiro were Albert Thiele, Walter Augustin, and Hans Otto Meier. Gohl and two assistants actually, on one occasion, went to the site of the Coba Tao power plant with a sack of dynamite. It was impossible for these individuals to complete the dynamiting of this plant and their dynamite was left in the suburbs of Sao Paulo, Brazil.

There were ten subjects connected with the Apfel organization in Venezuela. They confessed that they were aware of the plan and had been recruited to execute sabotage, but since there was no actual sabotage there were no provisions of Venezuelan law to prosecute these individuals. Accordingly, they were interned in Rubio, Venezuela. Dr. Lange, the Argentine subject of the Apfel group, committed suicide in Buenos Aires

B. Contribution to Argentine Blue Book

Throughout the war the only serious obstacle to Pan American solidarity was the incorrigible addiction of the Argentines to the totalitarian states. The United States Government was never able to win the active cooperation of Argentina in the war against Germany and Italy. It was felt in the State Department in the closing days of the war that hemispheric solidarity was and would become a most important part of United States foreign policy. It was reasoned in the State Department that if it were not possible to obtain from Argentina firm commitments and action against aggressors from outside the hemisphere, it would be necessary to obtain support from the other Latin American countries for a United States policy excluding Argentina, and through this action impel the Argentine people to oust pro-totoliterian leaders and choose leaders who would have their own volition, bringing Argentina back into the family of the American hemisphere.

At Mexico City in February and March of 1945, efforts were made to bring Argentina back into the family or failing that to line up the support of the other Republics behind the United States. The efforts at the Mexico City Conference failed and in October of 1945, the State Department determined that it would make a matter of public record the activities of Argentina and her leaders in support of the Axis powers. Assistant Secretary of State, Spruille Braden, requested assistance from the Department of Justice and from the FBI for the preparation of a document showing Argentine cooperation with the Axis powers during the war. Special Agent Francis E. Crosby was designated to represent both the Department and the Bureau. The Bureau contributed very heavily in the preparation of espionage and political intelligence material for the State Department. The Bureau analysis of German clandestine radio messages, decoded by the Bureau Laboratory, formed the backbone of the State Department's case against Argentina which appeared on February 12, 1946, under the title "Consultation Among the American Republics with Respect to the Argentine Situation". This volume is more commonly known as the "Blue Book" and represented a departure by the United States Government in its dealings with Latin American countries. The persuasive character of this book rested upon the Argentine-Nazi complicity, Argentine-German efforts to subvert governments of neighboring countries, Argentine-German negotiations for military assistance to Argentina, Argentine preservation of German economic power, and the totalitarian character of the Argentine regime. In addition to the intelligence and espionage material contributed by the Bureau to the State Department for this project, a very exhaustive memorandum on German schools and organizations in Argentina was prepared by Supervisor [redacted] on the basis of material forwarded by the Legal Attache in Buenos Aires. b7C

The "Blue Book" which was frankly designed to result in the defeat of Juan Domingo Peron (present President of Argentina) in the elections which

were held in Argentina on February 24, 1946, actually backfired badly and in the opinion of many observers the book contributed heavily to the election of Peron. S U

Nevertheless, the Department continues to adhere to its position, strongly supported by the revelations in the "Blue Book", that it will not permit Argentina to become a signatory to Hemisphere-wide mutual defense treaties until it has given clear indications that it has broken with the former Axis. S U

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C. Expulsions, Internments, and Repatriation

On February 16, 1946, eight hundred fifty Graf Spee sailors were repatriated from Argentina to Germany on the SS "Highland Monarch". This ended the saga of the principal remnants of the crew of the German battleship Graf Spee which was blown up in the harbor of Montevideo, Uruguay in December of 1939, after a battle of several days with three British cruisers, the Ajax, the Exeter, and the Achilles. Throughout the stay of these crew members, many of them highly skilled technicians, the Legal Attache in Buenos Aires kept considerable contact with them. Several members of the Graf Spee crew, who had been interned in Uruguay, were also repatriated on the "Highland Monarch". Sailors from the SS "Tacoma", tender of the Graf Spee, were also returned to Germany. XU

Negotiations are proceeding for the repatriation of some two hundred Germans thought to be dangerous from Uruguay. This repatriation has become a political issue in Uruguay and the eventual disposition of the pending requests for repatriation in that country can not be predicted. XU

A situation similar to that in Uruguay prevails in Paraguay where the number of Germans still to be repatriated is some thirteen. XU

On the whole the innumerable repatriations of dangerous Germans from Latin American countries was completed by the end of 1944, with the close cooperation of the Legal Attaches in the various countries. XU

There are extensive negotiations going on between the United States Government and Argentina for the repatriation of some four or five hundred dangerous Germans who are still in Argentina. Apparently, as a token performance some twenty-seven German Agents were repatriated on the SS "Highland Monarch" on February 16, 1946. The people collected for repatriation were all minor espionage subjects with the exception of Ernst Schleuter. The measure of sincerity on the part of the Argentine government to cooperate with the other countries in the Western Hemisphere will be determined by the degree of compliance with her obligations which Argentina exhibits in the course of the pending negotiations for repatriation of Germans. XU

Two shipments of Japanese, largely diplomatic personnel, have been returned to Japan from Argentina. In general it can be said that most countries have done more toward repatriating Japanese than was done in the field of German repatriations. XU

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D. **Economic Matters**

Safehaven Project

In early 1945 the Department of State requested the assistance of the Bureau in the carrying out of the so-called Safehaven Project which was inaugurated for the purpose of investigating and checking, if possible, the flight of Axis capital from Europe to places of safety in neutral or non-belligerent countries throughout the world. This project included investigations involving reports that Axis technicians and scientists were attempting to flee to Latin America after it appeared obvious that Germany would lose the war. Through the respective offices of the Legal Attaches, the Bureau representatives assisted considerably in the Safehaven Project by the investigation of numerous reports and allegations concerning the flight of Axis capital or technicians and with the submission of comprehensive reports which were distributed to the State Department, ONI, and G-2, and the Foreign Economic Administration, which was also vitally interested in such matters up until the time it ceased operations in December, 1945.

Through the efforts of Bureau Agents assigned to Europe, information was developed concerning the German economic penetration in Latin America, which information was later developed and supplemented by the SIS Offices through additional investigation. The identities and activities of various firms in Latin America which had been used by the German Intelligence authorities as covers for their activities were also revealed as a result of these investigations.

The Foreign Economic Administration also requested the Bureau to furnish data concerning Japanese holdings in Latin America. Based upon this request, the Legal Attaches in the principal countries having Japanese colonies prepared reports settingforth the nature and extent of Japanese economic penetration. These reports, which were furnished to the interested authorities, revealed that Japanese commercial institutions, except in Argentina, were unable to carry on successfully as the war progressed and their sources of supply were cut off. All the principal Japanese firms were out of business as the majority of the officers and directors of these firms were repatriated along with Japanese diplomats from such countries as Chile, Peru, and Mexico.

In all countries in Latin America where there were large German holdings, a survey was conducted by the SIS Offices to identify, locate, and evaluate all German capital in that particular country prior to the outbreak of hostilities and the amount of capital still invested in the country as of the date of the report. These reports were of material assistance to the State Department and the Foreign Economic Administration in their Safehaven program. It was revealed that Germany had extensive holdings in the principal Latin American countries and actually controlled,

to a great extent, the economy of the country. As the war progressed, however, and the effect of the United States and British "Black Lists" became more noticeable, most of these firms were greatly reduced in size and a good portion of the capital invested by the Germans was lost or considerably diminished. XU

In connection with this same Safehaven program, the Bureau prepared at the request of the State Department, a complete summary of all pertinent information contained in the files relative to some fifty individuals in the Western Hemisphere who may have been instrumental in transporting stolen art objects and materials from Germany and other Axis countries. This information was furnished to the Roberts Commission which compiled a voluminous report on all persons known or suspected to have engaged in illicit transactions involving stolen art treasures from Europe. XU

Another way in which the Offices of the Legal Attaches assisted in the Safehaven program was through the preparation and submission during the latter part of 1945 and early 1946 of reports outlining all decrees, resolutions, and laws promulgated by the various Latin American Republics between 1941 and 1945, inclusive, directed toward the control of Axis firms or capital located in each country. This type of information had been requested by the State Department in order to complete its files on the action taken by the respective Latin American countries in an effort to control Axis capital already located in those countries and to prevent the influx of such capital through clandestine means from former Axis countries. XU

During the war and for several months subsequent thereto the Allied Governments were giving full cooperation to the Governments of the several Latin American Republics in their programs for replacement of undesirable Axis spearhead firms and the intervention and subsequent nationalization of many other Axis firms of lesser importance. In this type of work, the Bureau was also able to be of considerable assistance in gathering information concerning the holdings of such firms and their true ownership. To assist in this project a number of Special Agent Accountants was sent to Latin America to work with the State Department Coordinating Officers in the Safehaven Project. These Agents were of material assistance in reviewing the records of former German banks and commercial institutions. This information, in turn, was furnished to the local Governments through the State Department and provided in many cases the real basis for the control and subsequent replacement or nationalization of the Axis firms. XU

In some instances the Offices of the Legal Attaches were able to show the laxity of the controls exercised by the Latin American Governments upon the intervened German firms and financial institutions. For example, although Uruguay passed a series of decrees in December, 1941, and September and October, 1942, designed to liquidate the operations of the Montevideo branch of the Banco Aleman Transatlatico, this banking institution XU

continued to prepare reports on economic matters for submission to Germany as late as 1945. Examination of the Bank's records by Uruguayan authorities in 1945, disclosed that reports concerning economic developments, sessions of the legislature, new legislation, ship movements, investigation and prosecutions of persons engaged in anti-national activities, appropriations for military purposes, and construction of air bases were being prepared by the Banco Aleman Transatlantico. X U

Particularly in Argentina was the extent of German interests of particular importance to the United States Government. Due to the pro-German sympathies of many influential Argentine political figures, it was extremely difficult to secure adequate cooperation from the Argentine Government in promoting effective control of economic operations of German elements. The Bureau's representatives reported the growth of German influence in Argentina even as late as the latter part of 1945. This growth of influence was attributed principally to the work of Ludwig Freude, a prominent German businessman and known espionage agent. Although the Argentine Government ostensibly intervened several German firms in keeping with commitments made to the Allied Nations at the Mexico City Conference, it was asserted that various individuals connected with the Argentine Intervention Program were protecting Ludwig Freude and Ricardo Staudt, a prominent German-Argentine businessman. X U

All during the course of the Intervention Program the Legal Attache in Buenos Aires assisted the American Embassy by conducting investigations to determine the effectiveness of the control. The Legal Attache was able, through the Embassy, to furnish the Argentine Government concrete evidence of the extent of German control in various firms, which was utilized by the State Department in its efforts to secure Argentine cooperation in this program. X U

Smuggling of Strategic Materials

Toward the end of the war and especially after the cessation of hostilities in Germany, the smuggling of strategic materials to the Axis Powers came to a virtual standstill. Both Military and Naval Intelligence authorities, however, expressed their continued interest in all information concerning the smuggling of these strategic materials into Argentina in order that this country might be fully cognisant of the Argentine military potential. The SIS Offices, consequently, continued to report any information coming to their attention concerning the smuggling of rubber, platinum, automobile and truck tires, etc. into Argentina from neighboring countries. Also, information developed by SIS Offices with reference to smuggling to articles into the United States, such as narcotics, money, jewels, etc. was furnished to the Treasury Department, as well as to other interested governmental agencies. X U

One of the most important articles of which there was a scarcity in Argentina was rubber, virtually needed for the production of automobile X U

and truck tires. Throughout the war reports were received from the Legal Attache in La Paz, Bolivia, and in Buenos Aires, Argentina, concerning clandestine shipments of rubber from Bolivia, where the legal price was 45¢ a pound under a contract made by the Bolivian Government with the Rubber Development Corporation of the United States, to Argentina where the black market price offered was frequently as high as $9.00 a pound. According to reports of the Legal Attache in Buenos Aires, it was ascertained that in excess of 990 tons of contraband rubber was shipped from Bolivia to Argentina between January, 1942, and January, 1946. From investigation of these highly lucrative smuggling activities, it was learned that the Bolivian Customs authorities and Police officials were very indifferent to the situation and actually many Government officials were found to have collaborated directly or indirectly in rubber smuggling to Argentina. XU

During the latter part of 1945 and in early 1946, largely as a result of considerable pressure brought to bear by the American Embassy in La Paz, based on information received from investigations of the Legal Attache's Office and the Rubber Development Corporation inspectors, the Bolivian Government passed a decree establishing a Special Rubber Police and thereby instituting more stringent controls at the Bolivian-Argentine border. These measures were successful in reducing to some extent the amounts of rubber smuggled and at least 87 tons of contraband rubber were confiscated and turned over to the RDC. XU

The Office of the Legal Attache at La Paz compiled a comprehensive summary report of rubber smuggling from Bolivia to Argentina between 1942 and 1946 in which more than 400 known smugglers were identified. This list included numerous Bolivian Customs and Police officials as well as several Cabinet Ministers and Congressmen. In Argentina, a report was prepared concerning the identities of numerous firms and individuals in Argentina who received this contraband rubber, a considerable amount of which was turned over to the Argentine Government for the use of the Army. XU

Another strategic material which found a ready market in Argentina during the war and for several months thereafter was platinum. b7C Through the combined efforts of Bureau representatives in Colombia, Peru, and Bolivia, two clever platinum smugglers were apprehended on a train near Cochabamba, Bolivia, by Bolivian Special Customs Inspectors. The smugglers were two Colombian citizens, [redacted] and [redacted] Rios, who had succeeded in hiding their contraband platinum by soaking it in cleverly concealed compartments underneath the lining of four leather suitcases which they were carrying. A very thorough search of their baggage revealed eight kilograms and 280 grams of crude platinum in granular form, which was confiscated and turned over to the Bolivian authorities. The platinum was deposited in the Banco Central of Bolivia and through the cooperation of the Legal Attache, the Foreign Economic Administration was given the opportunity to purchase the platinum. XU

Activity in the Atomic Energy Field

In the atomic energy field, attention has been directed to Latin America primarily because certain radio-active minerals which could be utilized in the production of atomic energy are to be found in several different countries. Several firms in Argentina, France, Czechoslovakia, England, and Belgium, as well as in the United States, have expressed an interest in Brazil's monazite deposits. Monazite sand is a mineral which contains thorium, a radio-active element. The Manhattan Engineering District has requested the Bureau to furnish all information concerning the purchases of this mineral which comes to the attention of any of the Latin American representatives of the Bureau. &U

Through a well-informed source, who himself owns some monazite deposits in Brazil, the Legal Attache in Rio de Janeiro has received considerable data concerning shipments of monazite from Brazil and prospective purchasers, both in Europe and South America. The Commercial Attache of the French Embassy in Brazil approached the informant in April, 1946, with a request for his cooperation in facilitating monazite shipments to France which the informant refused to do at the time. The Manhattan Engineering District has sent two specialists to Brazil to study the extent of the deposits of this mineral in that country and also to see that Brazil lives up to a secret agreement between that country and the United States prohibiting the export of certain minerals, including monazite, except to this country. This information was revealed in the strictest confidence to the Legal Attache. &U

Arrangements were made in Rio de Janeiro for the informant to contact the Bureau's representative in Paris, France, while traveling through Europe for the purpose of liquidating his interests with certain firms there who have been seeking to purchase monazite. On June 26, 1946, the informant advised that the French firm "Societe Miniere Et Industrielle Franco-Bresilienne" was interested in the production of atomic energy on a commercial basis as a substitute for electricity but the firm was unable to purchase the necessary raw materials. For this reason the French company is endeavoring to arrange for the importation of monazite from Brazil. It was reported that the company has no direct connection with the French Government but anticipates no difficulty with the Government in arranging for these imports. &U

The first meeting of the Atomic Energy Commission of the United Nations Organization took place in New York on June 14, 1946. This Commission is composed of representatives from eleven major countries in the world in addition to the United States. In keeping with the Bureau's practice of furnishing background information on all delegates and representatives to the international conferences, the Office of the Legal Attache in Mexico City supplied memoranda on that country's representatives. The &U

principal delegate from Mexico to the Commission was Dr. Manuel Sandoval (Vallarta), a prominent Mexican physicist known to have a high regard for the USSR. Dr. Sandoval was invited by the then Russian Ambassador to Mexico, Constantin Oumansky, to the 220th Anniversary Celebration of the Russian Academy of Science in Moscow on March 7, 1944. It is believed that all expenses of this trip were paid by the Russian Embassy in Mexico City. Upon his return Dr. Sandoval commented on the scientific progress in Russia in laudatory terms, and, off the record, indicated that he considers Russia as an example to be followed by the countries of Latin America. XU

Miscellaneous Economic Matters

[redacted] who has direct connections with [redacted], the Legal Attache has received and reported to the American Embassy valuable information relative to Brazilian-Argentine commercial agreements. These agreements have been concerned primarily with the exchange of Argentine wheat for Brazilian rubber tires [redacted] was able to furnish all major developments [redacted] in negotiations between the Argentine and Brazilian Governments. This information was of particular interest to the State Department in view of commitments previously made by both the Argentine and Brazilian Governments to this country and to various international organizations relative to rubber tires and wheat, both of which are still very short in the world supply. XU

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[redacted] has also reported on arrangements being completed by the Argentine and Brazilian Governments relative to the establishment of a Joint Technical Commission for the purpose of studying water power possibilities on the Iguassu River, located on the Argentine-Brazilian border. XU

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The Legal Attache in Lima, Peru, received information [redacted] to the effect that President Jose L. Bustamante, in conferring with Communist leaders of Peru, upheld his Administration's policy of permitting the Peruvian petroleum resources to be exploited by American capital. The President explained that these interests could not be exploited by Peruvian capital and that the oil is daily decreasing in value on the world market. At the same time, the President insisted that neither himself nor the Aprista Party in Peru is being controlled by "imperialists." He compared Brazilian policy in this regard with that of former Peruvian President Prado, concluding that Peru is less respected in the United States than is Brazil due to the "absurd policy" pursued during the war in the matter of oil and other national resources. XU

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An undercover representative of the Bureau [redacted] submitted a report concerning the prospects of that industry in Colombia in the immediate future. The information was gathered from experts in the employ XU

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of [redacted] operating in Colombia and suggested that there are in reality [redacted] of any great size in that country. This is contrary to the opinions expressed by experts in the field previously and has led to a change in the plans of [redacted] in Colombia. This information of a general economic nature was furnished to the Department of State as of interest to the Economic Section. XX

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E. Communism

With the close of the Second World War coverage of Communist and related activities became a paramount objective of SIS. But along with an extensive increase in the efficiency of the Bureau's operations in this field, Communist penetration of Latin America also became more extensive. The Communist Party ceased to emphasize unity against European and Asiatic Fascism and began to criticize strongly United States and British "imperialism." Assisted by counsel, propaganda, and funds from Soviet Embassies springing up in Latin America, Communist Parties made good use of an increasing liberal attitude and made themselves felt as a powerful political force. X U

Among the most important Communist advances was that which took place in Argentina in August, 1945, when a government amnesty decree permitted the Communist Party to reopen legally. The party leaders returned from exile in Chile and Uruguay, held huge public rallies, and began open publication of Communist newspapers, books, and pamphlets. The party joined a democratic coalition opposing the candidacy of Juan Peron for President of Argentina. Although the party was unsuccessful in securing any participation in the government after the election of February 24, 1946, it ceased open opposition to Peron and is attempting to collaborate with his so-called labor party. X U

Another highly important expansion of Communist power in Latin America occurred in Brazil. Released from prison in April, 1945, Communist leader, Louis Carlos Prestes, quickly gathered a following of some forty to fifty thousand Brazilian Communists. The party polled almost 600,000 votes in the presidential election of December 2, 1945, which secured one Senator and fourteen Representatives in the National legislature. Although the administration of President Eurico Gaspar Dutra has indicated its intention of restricting or suppressing Communism in Brazil, such activities continued to flourish as of July, 1946. X U

The overthrow of the Lescot Government of Haiti on January 11, 1946, brought forth two Communist political parties in that country. One remained very small and was looked upon with disfavor by other Latin American Communist parties. The other organized by veteran Haitian Communist, Max Hudicourt, became known as the Popular Socialist Party and received favorable Communist support elsewhere. Hudicourt himself was elected to the Haitian Senate. X U

During late 1945 and early 1946, the formation of Communist Parties in the Dominican Republic and Bolivia was announced. It soon developed, however, that both were fictitious parties supported by the Villarroel and Trujillo Governments for the purposes of disorganizing liberal opposition and giving an appearance of tolerance to those Governments. Both parties X U

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were promptly denounced by Communist parties elsewhere and received no substantial support within their respective countries. The leader of the Dominican group became discouraged and began collaborating with labor leaders instead of the government as a result of which he was arrested in January, 1946 by Dominican police and is still in custody. The only serious setback to Communism in Latin America occurred in Ecuador where the Communist party was poorly controlled and by the spring of 1946 was in its weakest condition since the revolution of May, 1944.

Change of Policy

The publication in May, 1945, of an article by the French Communist, Jacques Duclos, criticising Earl Browder of the United States Communist Political Association for his "revisionism" in collaborating with capitalist elements during the Second World War, caused considerable uncertainty among Latin American Communist ranks. The Duclos article specifically mentioned Cuba and Colombia as being open to criticism on this score. Latin American Communist groups issued statements to the effect that the Duclos accusations had no application to them and insisted that their "national unity" programs did not constitute capitalist collaboration. Gradually it became certain that Duclos had the complete support of the Communist Party in the Soviet Union and Latin American Communist parties had to reverse their stand admitting that they too had erred in abandoning the revolutionary theories of Communism during the war. On August 5, 1945, Vicente Lombardo Toledano, leader of the Confederation of Latin American Workers, analyzed the world situation from a Marxist point of view and reached the conclusion that "pacific coexistence of Socialism and Capitalism was impossible." During the months immediately following, practically all Latin American Communist leaders joined in supporting Duclos and very obediently accepted severe criticism of their own lack of foresight in not "seeing the light" earlier. From December, 1945, to June, 1946, Communist Congresses and Conferences were held in Chile, Argentina, Cuba, Peru, and Colombia. All of these adopted programs and resolutions criticising United States and British "imperialism", praising Soviet foreign policy, and demanding the removal of American troops from occupied areas in Latin American military bases. The parties also began to give consideration to abondoning party names adopted during the war to emphasize their national rather than their international character. Some even began to speak of reorganizing a sort of international Communist organization to replace the Third International.

Propaganda

The most outstanding and obvious change in Communist strategy during 1945-46 was the accentuation of the anti-United States and pro-Soviet line of propaganda which began to appear in the summer of 1945 after the fall of Germany. This propaganda appeared in the speeches of Latin American Communist leaders, in their newspaper and magazine articles and editorials,

and in the radio programs sponsored by Communist parties and front organisations. In 1946 Latin American Communist media devoted to this campaign included thirty-four "official" party publications of which eleven were daily newspapers having a circulation of up to 30,000 copies each. At least forty-three other publications were known to be Communist controlled or dominated. There was also a considerable increase in the distribution of Soviet literature in both the Russian and Spanish languages. Many of these were shipped directly from the Soviet Union while others were printed on Communist controlled presses in Cuba and Uruguay. Communist use of the radio as a propaganda medium was also vastly increased. In addition to the powerful radio station, Mil Dias, owned by the Cuban Communist Party, the Party in Chile assumed virtual control of the station Nuevo Mundo in Santiago. The other countries' Communist Parties purchased more and more radio time for the broadcast of pro-Soviet and anti-American programs. In these efforts assistance was rendered by Press and Cultural attaches in the Soviet Embassies which were being installed in Latin America. These individuals brought with them funds to bolster the financial structure of newspapers and publishing houses and in many instances assisted in the preparation of articles, editorials, and script. ℒU

Communist Party Schools

Cuba and Chile continued to be the centers of Communist educational activity during 1945 and 1946. They furnished instructions in Marxist doctrines and policies to leaders in their own country and in other Latin American Communist Parties. They included courses in leadership, government, and such matters as the operation of public utilities and communication facilities in the event of strike or uprising. Supplementing these schools were local classes in the various countries for party leaders and labor organisers and additional small schools for the primary instruction of new party members. ℒU

The Communist Labor Movement

The labor movement in Latin America built around the Confederation of Latin American Workers controlled by Vicente Lombardo Toledano continued to be the main structure supporting Communism in the Western Hemisphere. The Confederation itself claimed a following, perhaps exaggerated, of approximately four million workers organized in eighteen confederations embracing the principal countries of Latin America. With few exceptions these confederations are directed by known Communists who are able to control the policies of those federations in spite of the fact that in many instances the actual membership is predominantly non-Communist. The principal addition to the Latin American Communist labor picture during the year was the United Movement of Workers (MUT) of Brazil. This organization grew quickly along ℒU

with the Brazilian Communist Party and in November, 1945, was admitted to the CTAL at a meeting in Paris, France. In the spring of 1946 it was declared illegal by the Brazilian Government but has continued to function and to participate actively in the development of labor policy in Brazil. ℳ

Communist controlled unions in Brazil and in Chile particularly were able to engineer strikes during early 1946 which virtually paralyzed port facilities, many railroads, and mining operations in those countries. In both countries Government troops were used to maintain order and perform duties normally handled by the strikers. Considerable tension between the troops and workers resulted and in one instance in Chile, police fired into a crowd killing and wounding several. Closely related to this was an incident occurring on May 23, 1946, in which Communists attending a mass meeting in a downtown Rio de Janeiro square in the face of a police prohibition were fired upon resulting in two deaths and twenty-eight injuries. ℳ

Although Communist labor made important advances in Colombia, Cuba, Brazil, and the oil fields of Venezuela, the entire labor picture was not so favorable to Communism. In Bolivia the Confederation of Workers remained under the control of the PIR which, although a Marxist party, denies any Communist connection. In Peru Communist control gave way to the Aprista movement, a leftist organization violently opposed to Communism. In Chile differences over the necessity of strikes in 1946 caused a wide rift between the Socialists and Communists composing the Confederation of Chilean Workers. As a result both factions suffered a loss of prestige and indications are that the Confederation may be reduced to two virtually powerless factions, one Communist and the other Socialist. ℳ

Lombardo Toledano continued to exert a powerful influence in the labor world and was prominently associated with meetings of the World Federation of Trade Unions in the United States, France, England, and Russia. His preoccupation with world labor affairs restricted his participation in Latin American labor movements to a minimum. Although not successful in making himself head of the WFTU, Lombardo did increase his prestige considerably and became one of the most active opponents of the United States Government in the Western Hemisphere. Comparatively unsuccessful efforts were made by officials of the American Federation of Labor to organize a Latin American group in opposition to the CTAL and one group of anti-Communist labor leaders proposed that Lombardo be replaced by the Chilean Socialist labor leader, Bernardo Ibanez, [redacted] ℳ b7C b7D

[redacted]

European Refugee Movements

1945 and 1946 brought forth vastly increased movement on the part of European exiles who wished to leave Latin America and return to their native ℳ

countries after the close of the European War. Spanish Communists from Chile, Colombia, Cuba, Mexico, Uruguay, and Venezuela gathered in Montevideo, Buenos Aires, and Rio de Janeiro for return to France to assist the Communist leader, Dolores Ibarruri, in overthrowing the Franco regime in Spain. In the spring of 1946, they were followed by Austrian, German and Italian Communists who likewise wished to take a leading part in the government of those countries. At the same time there was a considerable increase in Communist domination of Polish, Slavic, and Balkan refugee organizations in Argentina, Brazil, and Chile. Strategic positions in these organizations were filled with Communists and publications prepared by them revealed a definite Communist tone. In Argentina the Polish Communist group became so large that it was organized into a separate section of the Communist Party of Argentina. ~~S~~ U

Soviet Activities ~~S~~ U

Only one Latin American country, namely Argentina, established diplomatic relations with the Soviet Union between July 1, 1945, and June 30, 1946. This occurred on June 6, 1946, immediately after the inauguration of President Juan Peron and brought to fifteen the number of Latin American countries recognizing Russia. Peru which was expected to make such a move continued to withhold recognition as did Haiti, Honduras, Panama and Paraguay. ~~S~~ U

Of considerably greater significance was the installation of new Soviet Embassies in Brazil, Chile, and Venezuela, all important Communist strongholds in Latin America. Indications were that under Ambassador Dimitri Zhukov, the Soviet Embassy in Chile would assume the direction of Communist policy on the Continent of South America and particularly on the West Coast of that Continent. Reports from Ecuador in early 1946 revealed that efforts were being made to establish rapid and secure means of communications between this Embassy and South American Communist Parties. Of almost equal importance was the new Embassy in Rio de Janeiro under Jacob Surits, a veteran Soviet diplomat. The rapid rise of the Communist Party in Brazil and the increasing industrial importance of Brazil points toward the fact that the Soviet Union will exert every effort to make this Embassy an effective means of spreading Soviet good will. The Embassy in Caracas was established in February, 1946 and has begun to make use of Communists in that country to gather information of interest for the Soviet Union. Arrangements were made to have "qualified persons" employed as newspaper correspondents throughout Venezuela for the Communist controlled newspaper, "El Nacional," which persons, in addition to normal newspaper duties, were to collect intelligence information concerning economic, political and social matters. The Embassy likewise took an intense interest in the development of Venezuelan oil deposits and endeavored to offset United States influence in that field. ~~S~~ U

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The four Soviet missions already existing in Latin America in early 1945 have added numerous officers to their personnel lists and have expanded their operations considerably. All these installations have endeavored to spread Soviet good will in Latin America and at the same time make commercial arrangements with those countries in order to reduce their dependence upon the United States. It has become obvious that one of the paramount aims of the Soviet Union is to destroy United States-Latin American unity in order to prevent these countries from voting as a bloc on major matters brought before the United Nations. [illegible]

The extent of Soviet commercial activity in Latin America is exemplified by the Soviet Commercial Delegation which arrived in Buenos Aires, Argentina, during April, 1946. This group has perfected negotiations with the Argentine and Uruguayan Governments for the purchase of oils and strategic materials formerly sold almost exclusively to the United States. They have been assisted by Pavel Malkov, Commercial Attache of the Soviet Legation in Colombia who recently made a trip throughout South America offering Soviet economic aid and making contracts for the purchase of goods needed by the Soviet Union. Indications are that the same mission or similar economic missions will be sent to other South American countries in the near future, and that their duties will be both economic and diplomatic in nature. [illegible]

Increased activities of the Soviet Union in the Western Hemisphere brought a corresponding increase in Soviet news coverage in that area. Beginning with one representative in Mexico, the official Soviet news agency, TASS, during recent months has installed offices in Brazil, Argentina, Chile, and Uruguay. In addition to their news reporting these offices are of intelligence interest in view of previous experience indicating that TASS representatives often perform intelligence and information gathering functions. These representatives have assisted greatly in securing a favorable attitude toward the Soviet Union and in arranging for favorable publicity. In Argentina, Yuri Dashkevich, offered as much as $500 per article to Peron controlled newspapers for publicity praising the Soviet Union and advocating establishment of relations with her. [illegible]

Soviet intelligence activities in Latin America covered by the Bureau during 1945 and 1946 included investigation of Ursula Wasserman, a contact and intermediary of several Soviet agents involved in the transmission of secret United States Government data to the Soviet Union. After spending some time with relatives in Argentina from March to June, 1946, she collected considerable information regarding Argentine economic matters and returned to the United States. Another individual connected with the same group of Soviet agents was [redacted] who went to Buenos Aires from the United States in May, 1946, to become a Latin American representative for the [redacted] Prior to 1943 he had been connected with Soviet intelligence activities and was [redacted]

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[redacted] Reports were received that a Yugoslav shipping agency under clandestine Soviet influence with Headquarters in Italy would open offices in New York City during the summer of 1946 and extend branches throughout Latin America. Indications are that the shipping agency may serve as a cover for Soviet intelligence operations. SU

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F. Soviet Trade Activities in Latin America S U

During the latter part of 1945 and early 1946, it became increasingly apparent that Russia intended to compete with the United States and Great Britain for South American trade. The most significant development in this regard was the sending of a Soviet Trade Mission to Buenos Aires, Argentina. Russia also displayed considerable interest in Venezuelan petroleum and in various raw materials and other products to be found in Brazil, Colombia, and Mexico. S U

Argentina S U

Commercial negotiations between Soviet Russia and Argentina date back to November of 1945 when a special envoy was sent to Moscow by Juan D. Peron, now President of Argentina. In the latter part of December, 1945, Russia reciprocated by sending Pavel Malkov, Commercial Attache of the Soviet Legation at Bogota, Colombia, to Buenos Aires where he began negotiations for the purchase of food oils which are vitally needed in Russia. S U

Early in 1946, Malkov laid the groundwork for the arrival of the Soviet Trade Mission which actually arrived in Buenos Aires on April 11, 1946. This group consisted of seven persons headed by Constantin Shevelev, who came with their families as if to remain for a considerable period of time. The avowed purpose of the Mission, as given in the statement to the Press upon its arrival, was to purchase materials for Russia and to study the economic structure of Argentina with a view of discovering wherein Russia and Argentina might carry on large scale commercial relations. As a result of discreet investigations through reliable informants, it was ascertained by the Office of the Legal Attache in Buenos Aires that the real reason for the presence of the Mission in Argentina was to lay the groundwork for the establishment of diplomatic relations between the two countries. Considerable sums of money were spent for propaganda purposes, such as purchasing of advertising in local newspapers and propaganda films, which were circulated through Artkino Motion Pictures, the official outlet for Russian films in Argentina. S U

After the arrival of the Mission, it was learned that various members of the group were in almost constant contact with Argentine Government officials discussing products which could be interchanged and the necessary financial arrangements. The Trade Mission was successful, after considerable difficulty, in loading on May 15, 1946, 9,500 tons of edible oils, on Russian ships which called at Buenos Aires, where they were forced to remain in port for several months before arrangements were completed with the assistance of the Russian Purchasing Mission in Washington, D. C., and the United Nations Relief and Rehabilitation Association. S U

It was ascertained through informants of the Legal Attache that the Soviet Trade Mission intends eventually to send steel and coal to Argentina obtained from Russian occupied areas in exchange for oils, blankets, shoes, and creamery products. Pavel Malkov and the Russian Trade Mission are S U

in the process of organizing two companies in Buenos Aires which will handle Russian trade with Argentina; the Yugantorg Company to handle imports, and the Amtorg Company to deal with exports. X U

The efforts of the Soviet Trade Mission apparently were crowned with additional success when it was announced on June 6, 1946, that the Governments of Argentina and Russia had agreed to the establishment of diplomatic relations. This move was heralded by a Soviet spokesman as first and most important step toward increased trade between the two countries. It is widely rumored in Argentina that Constantin Shevelev, head of the Trade Mission, will be named Soviet Ambassador to Argentina. X U

Brasil X U

In January, 1946, a firm known as the "Brasil-Uniao Sovietica Intercambio Comercial, S.A." (Brazilian Soviet Commercial Exchange) was organized in Rio de Janeiro. The firm announced that it was established for strictly non-political and solely commercial aims, the primary purpose being to establish a commercial exchange between the countries of Brasil and the USSR. Although it was planned to have agencies in all major Brazilian cities and in several other countries, investigation as of the end of June, 1946, has failed to indicate that such agencies have been established. X U

Through a reliable, confidential source it was ascertained that the company intends to import wheat, automobiles, bicycles, and machinery within the next three months and within the next eight to ten months it plans to open stores in principal cities of Brasil to sell Russian merchandise exclusively. Apparently this firm has thus far been unsuccessful in arranging for imports of Russian merchandise and is awaiting the establishment of the Russian Embassy in Rio de Janeiro in order to complete the necessary arrangements. X U

Venezuela X U

It has been reliably reported that the Soviet Embassy which was established in Caracas, Venezuela, in February, 1946, has made informal overtures during the past few months to the Venezuelan Government with regard to purchasing all Venezuelan petroleum. The Russians further agreed to supply technical assistance as required by the Venezuelans. (Most of the petroleum technicians presently in Venezuela are Americans.) According to the War Department, the Soviet Embassy asked the American Embassy in Caracas how much information could be given to Russia concerning the American oil companies in Venezuela. It is also significant to note that the new Soviet Ambassador to Venezuela, Roma Trebin, was a former professor and research expert on petroleum matters in Moscow. X U

Mexico

Commercial activities of the Soviet Embassy in Mexico City are under the direction of Alexander P. Malkov, Commercial Attache, and his Assistant, Kirill Alexseev, the former being accredited to the Mexican Government as a diplomat. During the first half of 1946 both of these Russian officials were active in the promotion of trade between Russia and Mexico. From discreet investigations and inquiries conducted through informants of the Legal Attache, it has been ascertained that the Soviet Government is primarily interested in exporting to Russia henequin, pineapple, bananas, and other tropical fruits and vegetables. To date, the principal Russian product known to have been imported by Mexico is caviar. Although the Russian Commercial Attache in Mexico City is not known to receive orders from Amtorg in New York City it is known that Amtorg has communicated with Malkov through a courier.

The Legal Attache in Mexico is continuing to receive and report information concerning the trade activities of the Russian Embassy in Mexico which is, in turn, supplied to the Department of State and other interested governmental agencies.

G. SIS Statistics

SIS STATISTICS

Table 1 - Persons Identified, Apprehended, Prosecuted, etc.

	Fiscal Years 1941 - 1945	First Three Quarters Fiscal Year 1946	TOTAL July 1, 1940 through March 31, 1946
Espionage Agents			
Identified	806	62	868
Apprehended	327	45	372
Prosecuted	77 convictions 1,252 yrs. sentence 1 death sentence 1 interned	28 convictions 88 years, 6 mos. -- sentence	105 convictions 1,340 yrs., 6 mos. sentence 1 death sentence 1 interned
Propaganda Agents			
Identified	280	1	281
Apprehended	60	-	60
Prosecuted	1 conviction 1 yr. sentence 1 interned	-	1 conviction 1 yr. sentence 1 interned
Sabotage Agents			
Identified	20	10	30
Apprehended	13	7	20
Prosecuted	-	-	-
Smugglers of Strategic War Material			
Identified	175	47	222
Apprehended	68	7	75
Prosecuted	5 convictions 2 yrs. sentence 1 indefinite sentence 2 interned $194 fines	6 convictions $10,210 fines	11 convictions 2 yrs. sentence 1 indefinite sentence 2 interned $10,404 fines
Other Foreign Agents			
Identified	93	-	93
Apprehended	33	-	33
Prosecuted	1 conviction 2 yrs. sentence	-	1 conviction 2 yrs. sentence
Apprehensions, Convictions, Sentences, of Other Persons Under Laws of Local Country	89 apprehensions 34 convictions 30 yrs. sentence 1 interned $700 fine	2 apprehensions - -	91 apprehensions 34 convictions 30 yrs. sentence 1 interned $700 fine
Aliens Moved from Strategic Areas	7,064	-	7,064
Aliens Interned or Relegated Locally	1,932	239	2,171
Aliens Deported or Expelled	4,924	21	4,945
Natives Interned or Relegated Locally	80	-	80
United States Fugitives Located	30	47	77
Firms or Persons Placed on List of Blocked Nationals	1,545	-	1,545
Investigations Conducted at the Request of the U. S. Government Agencies	2	1,238	1,240
Investigations Conducted for other than U. S. Government Agencies	-	2	2

SIS STATISTICS

Table 2 - Radio Stations Located and Radio Equipment Confiscated

	Fiscal Years 1941 - 1945		First Three Quarters Fiscal Year 1946		TOTAL July 1, 1940 through March 31, 1946	
	Number	Value	Number	Value	Number	Value
Clandestine Radio Stations Located	24	-	-	-	24	-
Clandestine Radio Transmitters and Related Equipment Confiscated	30 transmitters	$7,155(1)	-	-	30 transmitters	$7,155(1)
	12 radio tubes	$200	-	-	12 radio tubes	$200
Clandestine Radio Receiving Sets Confiscated	18	$2,818	-	-	18	$2,818

(1) Does not include value of one transmitter recovered during the 1945 fiscal year.

SIS STATISTICS

Table 3 - Other Material Recovered or Confiscated

	Fiscal Years 1941 - 1945		First Three Quarters Fiscal Year 1946		TOTAL July 1, 1940 through March 31, 1946	
	Quantity	Value	Quantity	Value	Quantity	Value
Currency	-	$247,677	-	$12,477	-	$260,154
Precious Stones	(1)	4,588	-	-	(1)	4,588
Diamonds	12	30,000	6	2,600	18	32,600
Platinum and Industrial Diamonds	(1)	84,466	-	-	(1)	84,466
Platinum	101.2 lbs.	197,919	18.6 lbs.	8,112	119.8 lbs.	206,031
Silver	220 lbs.	2,300	-	-	220 lbs.	2,300
Mercury	(1)	347,000	-	-	(1)	347,000
Metal Drills	92.4 lbs.	5,000	-	-	92.4 lbs.	5,000
Copper Transmission Wire	1	100	-	-	1	100
Welding Rod Wire	-	-	1	20	1	20
Radio Tubes	258	230	-	-	258	230
Pistol	1	50	-	-	1	50
Gas Gun	1	25	-	-	1	25
Auto Wheels, Tires and Accessories	4	200	-	-	4	200
Tires	46	3,236	6	486	52	3,722
Intertubes	-	-	4	30	4	30
Rubber Raft with Oars, Life Jacket and Trench Shovel	1	(1)	-	-	1	(1)
Rubber	10,940 lbs.	8,800	41,019 lbs.	19,088	51,959 lbs.	27,888
Tarpaulins	5	1,000	-	-	5	1,000
Sacks	-	-	897	448	897	448
Diplomatic Codes	1	(1)	-	-	1	(1)
Code Books	3	(1)	-	-	3	(1)
Pages of Code	241	(1)	-	-	241	(1)
Cotton Balls for Secret Ink	6	(1)	-	-	6	(1)
Paper Clips for Secret Ink	8	(1)	-	-	8	(1)
Microfilms of Code, Instructions, Blueprints, etc.	9	(1)	-	-	9	(1)
Miscellaneous Microphotos	30	(1)	-	-	30	(1)
Films and Film Negatives	3,177	(1)	-	-	3,177	(1)
Cameras and Photographic Equipment	45	10,000	1	200	46	10,200
Propaganda Books and Magazines	87	50	-	-	87	50
Books	45	20	-	-	45	20
Pharmaceutical Goods	(1)	100,000	-	-	(1)	100,000
Urotropina (a drug)	110 lbs.	150	-	-	110 lbs.	150
Insulin	2.2 lbs.	1,800	-	-	2.2 lbs.	1,800
Aspirin	246.4 lbs.	215	-	-	246.4 lbs.	215
Sulfathiazole	249.7 lbs.	1,800	-	-	249.7 lbs.	1,800
Sodium Salicilate	121 lbs.	140	-	-	121 lbs.	140
Nicotinic Acid	98.6 lbs.	1,300	-	-	98.6 lbs.	1,300
Shellac	-	-	25,000 lbs.	12,500	25,000 lbs.	12,500
Tagua Buttons	6 sacks(2)	3,092	-	-	6 sacks(2)	3,092
Bonds	-	3,000	-	-	-	3,000
Phoenix Safe	1	100	-	-	1	100
Motorcycle	-	-	1	575	1	575
Typewriter	-	-	4	280	4	280
Gas Pumps	-	-	2	45	2	45
Land	-	-	(1)	600	(1)	600
Building	-	-	1	1,153	1	1,153
Concealed Miscellaneous Property of Black-Listed Firms	(1)	12,000	-	-	(1)	12,000
Clothing	-	-	-	295	-	295
Miscellaneous Property	-	-	-	1,190	-	1,190
TOTAL		$1,066,258		$60,099		$1,126,357

(1) Not given.
(2) Does not include quantity of tagua buttons recovered for the 1941 - 1944 fiscal years.

VIII. ACCOMPLISHMENTS BY COUNTRIES

ARGENTINA

During most of the period covered by this report the bulk of the work in the office of the Legal Attache in Buenos Aires has consisted of keeping the Embassy informed of political developments in Argentina as they relate to the continuing close relations between Axis elements in Argentina and the desire of the United States Government to secure political unanimity in matters affecting the defense of the western hemisphere.

On June 4, 1946, the Third Anniversary of the successful military revolution which brought him into power, Juan Domingo Peron was inaugurated President of the Argentine Republic. The efforts of the United States to secure Peron's defeat at the polls ushered in a new epoch of uncertainty in the relations between the United States and Argentina. Illustrative of the real feeling of the ultra nationalist elements in Argentina toward the United States was the booing of the newly arrived United States Ambassador to Argentina, George Messersmith, on his way to Peron's inaugural ceremonies.

Among his first steps on the diplomatic front Peron, announced the resumption of diplomatic relations with Russia, interrupted during the course of the Russian Revolution of 1917. At approximately the same time he sent former Chief of Staff, Carlos von der Becke to the United States to confer with General Eisenhower in order, apparently, to exploit what he had undoubtedly been told was a difference of opinion between the United States Army and the State Department on what United States policy toward Argentina should be, and in the process to assure for Argentina a place in the program uniformity of arms and armed forces in the Western Hemisphere.

The von der Becke mission failed when Acting Secretary of State Dean Acheson informed Peron's emissary somewhat bluntly that United States policy toward Argentina was that there would be no arming of Argentina until Argentina fulfilled her obligations toward the other Latin American Republics in the field of effective action against remaining Nazi strength in Argentina.

There is still no indication of what Peron's real policy toward the United States is. He remains undisputed master of the political situation in his country. Minor breaches in the Party organization which brought him into power are not regarded as serious by most observers. He is moving apace toward the creation of a one Party system.

The Argentine intention to take over remaining German assets in Argentina, prosecute German Agents and repatriate dangerous Germans from Argentina seems no nearer to fulfillment than it was prior to the election on February 24, 1946.

The American trade position in Argentina has deteriorated along with the increasing complicity of diplomatic relations between the two

countries. Inroads upon United States trade have been made by impending negotiations between Argentina and Russia on the one hand, and Argentina and Great Britain on the other. Large trade delegations from both countries are in Argentina at the present time. (U)

In the meantime diplomatic prestige throughout Latin America lost by the United States as a result of its publication of the Argentine "Blue Book" and Peron's victory at the polls, continues at a low ebb. (U)

It may be said that internally the situation in Argentina is completely tranquil for the first time in several years. Abroad, due to its honest election, its open defiance of the United States and its strategic importance to the entire civilized world in the present period of universal famine, Argentina's prestige is at a new high. (U)

Throughout these stormy political developments the office of the Legal Attache has played an increasingly important part in keeping the State Department currently and accurately informed on developments. (U)

Contributions made by the Bureau to the preparation of the Argentine "Blue Book" have been described elsewhere. (U)

One of the results of the "Blue Book" was the publication by President Peron on February 20, 1946, of a so-called "Blue-White Book" in which he revealed the alleged activities of American Intelligence Agencies in Argentina throughout the war. This "Blue-White Book" reflected a certain limited amount of information about the activities of the office of the Legal Attache in their investigation of Axis activities in Argentina. The book displayed a lack of real knowledge about the Bureau's activities in Argentina. In striking contrast to this, the "Blue-White Book" set out a carefully documented exposure of one of the informants of the Military Attache in Buenos Aires. This exposure purportedly showed the effort on the part of the American Military Attache to obtain information about the disposition of Argentine arms and troops. (U)

There was no indication of Japanese espionage after August of 1944, in Argentina. In March of 1946, most of the Japanese diplomats and quasi diplomats were repatriated. They cleared through the west coast of the United States and were interrogated by SIS Agents in the Los Angeles Field Office. (U)

The cooperation between personnel of the office of the Legal Attache and the Economic Branch of the American Embassy in Buenos Aires was always very close. However, after the arrival of then Ambassador, now Assistant Secretary of State, Spruille Braden, relations between the Legal Attache and the Economic Counselor were intensified. Numerous projects were undertaken at the request of the Ambassador. These included (U)

examination of codes and accounts of the German banks, a review of books of the extensive Bemberg Interests in Argentina, the books of Fritz Mandl, a former Austrian munitions manufacturer, certain of the work of the Argentine Committee intervening Axis firms and a very thorough study and review of the archives of the former German and Japanese Embassies in Buenos Aires. X U

Extensive work was done to maintain the security of the Ambassador by the office of the Legal Attache and in the course of Mr. Braden's stay there, the Legal Attache became the sole Intelligence Agency of the Embassy in Buenos Aires. X U

Many investigations were conducted by the Legal Attache in Buenos Aires of allegations concerning the arrival in Argentina of Axis technicians, personnel and funds. Characteristic of this type of investigation was that conducted after two German submarines, the U-530 and the U-977 arrived in Argentina in late June of 1945. Because of the circumstances surrounding the arrival of these U boats, particularly the U-530, it was thought possible that ranking Nazi officials and Nazi funds might have been aboard. All investigations conducted in this field resulted negatively. X U

Numerous personnel in the office of the Legal Attache have devoted considerable time to the preparation of biographical data and summaries of evidentiary material against individuals of German nationality located in Argentina, whose repatriations to Germany are being sought by the United States State Department in implementation of its policy to remove from the Western Hemisphere all individuals who were connected with German intelligence and subversive activities during the war. X U

Extensive investigation was conducted by the office of the Legal Attache into the activities of the French Intelligence Service (the DGER) in Argentina. X U

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BOLIVIA

Previous deportation of objectionable and dangerous Axis nationals and the institution of a replacement program of Axis-owned properties substantially removed the menace of Axis influence in Bolivia. However, constant vigilance on the part of the Bureau's SIS employees in Bolivia was required to prevent a possible resurgence of this element. The majority of the nineteen firms owned by Japanese nationals had been either liquidated or replaced as of November, 1945, through the application of existing decrees and other legislation.

Over an extended period of time reports have been received that Major Elias Belmonte, German collaborationist, might endeavor to return to Bolivia from Europe. It has been feared that Belmonte would institute a Nazi type of government in Bolivia in the event that he should return. This matter has required close investigation by SIS representatives in South America and Europe. Due to the great interest of the State Department in this case, a special memorandum was prepared by the Bureau based principally on decoded German radio traffic sent by the HEZ ring in Argentina clearly showing Belmonte's collaboration with the Germans during the time he was in Berlin during the war. It was definitely proved that Belmonte was a paid employee of the German Sicherheitsdienst. Early in 1946 the Bolivian Minister of Foreign Affairs advised the American Charge d'Affaires that the Bolivian Government which had been furnished with paraphrased decoded messages concerning Belmonte would not take any action against him because of possible embarrassment created by the prospects of punitive action. In addition, the nature of the evidence was such that it could not be disseminated in any action against Belmonte.

Major Belmonte was elected "en absentia" to the Bolivian Chamber of Deputies in the May 5, 1946, Congressional elections. Immediately thereafter a propaganda campaign sponsored by the pro-administration press urged the return of Belmonte to Bolivia in order that he may take his seat in the Chamber of Deputies. It is still believed possible that Belmonte may endeavor to return to his home country in the near future.

The present revolutionary government of Gualberto Villarroel has survived a series of serious political and economic crises, the gravity of which has required the close attention of the Bureau's representatives in that country. On April 29, 1946, the Bolivian Government announced the discovery of a widespread revolutionary movement and numerous arrests were made. On May 30, the Government announced the existence of a state of seige for the entire country as an outgrowth of the discovery of a revolutionary plot. For seven hours on June 13, 1946, an attempted revolution took place led by Colonel Humberto Illanes, Major Carlos Lopera, Willi Gutierrez and Jorge Ballivian. Although this revolt was suppressed by Government forces, there is serious doubt that the present Government is sufficiently stable.

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and unified to withstand future attempts at a coup d'etat. (U)

Extremely serious disruptions to the national economy of Bolivia resulted from a general railroad strike which commenced on June 2, 1946, and spread to the street car operators in the City of La Paz. On July 3, 1946, the Bolivian Government dismissed over fifty per cent of the teachers in Bolivia, many of whom were arrested. This action was taken because the teachers involved were members of the Leftist Revolutionary Party (PIR) and "incompetent". At the present time, teachers are endeavoring to enlist the support of railway workers for the institution of a general strike. It is reported that many railroad workers failed to receive an increase in wages and are receptive to reinstituting the strike. (U)

An interesting ramification occurred in the latter part of 1945 when the Bolivian Minister of Foreign Affairs requested the Office of the Legal Attache to assist in radio monitoring to determine the location of a clandestine radio station in Bolivia. As this radio station was apparently concerned exclusively with local political affairs, no active investigation was made for the Bolivian Government. However, monitoring was conducted and some check was made for the benefit of United States officials who expressed interest in this matter. (U)

BRAZIL

The GIS was never able to recover from the blow dealt its organization in Brazil by Brazilian authorities cooperating closely with the office of the Legal Attache in Rio de Janeiro. After August of 1943, it may be said that no coordinated German intelligence activities occurred in Brazil.

The activities of nationals of a number of countries including Latvia, Lithuania, Poland, Rumania and France, all of whose relations with Brazil were upset as a result of the outcome of the war, have been investigated by the Legal Attache in Rio de Janeiro. It was also possible to obtain complete coverage of the Falange and to secure a copy of instructions in July of 1945, to the Falangists in Brazil from their headquarters in Spain. In these instructions the Falangists were ordered to discontinue their previous Falange activities.

The reaction to V-J Day in Brazil in the Japanese Colony was violent. It appeared that the Japanese at first refused to believe announcements of the surrender. On August 21, 1945, several hundred Japanese held a public demonstration in Pelo Florenta, State of Sao Paulo. The demonstrators marched through the streets carrying Japanese banners and flags denouncing the United States and Brazil. Since this demonstration there has been considerable activity among the Japanese remaining in Brazil requiring constant attention from the Brazilian police and the office of the Legal Attache. It appears most likely at this date that activities which have been widely reported by the Military Attache from Rio de Janeiro as being "black dragon" activities are in reality racketeering activities on the part of local Japanese and are not related to or inspired by Japan.

The Brazilians went to the polls for the first time in fifteen years for a free election on December 2, 1945. This election greatly altered the internal situationof Brazil but contributed little toward a change in the good relations existing between the United States and Brazil.

A very important field of activity for personnel of the office of the Legal Attache in Rio de Janeiro has been investigation of rubber smuggling between Brazil and Argentina. Moreover intricate economic negotiations between these two countries have kept the Legal Attache extremely occupied in keeping abreast of developments.

Recently considerable interest has been shown by the representatives of various Nations in Brazil in the deposits of Brazilian monazite. Monazite is a mineral from which thorium, a radio active substance is extracted. Considerable investigation has been conducted in this field

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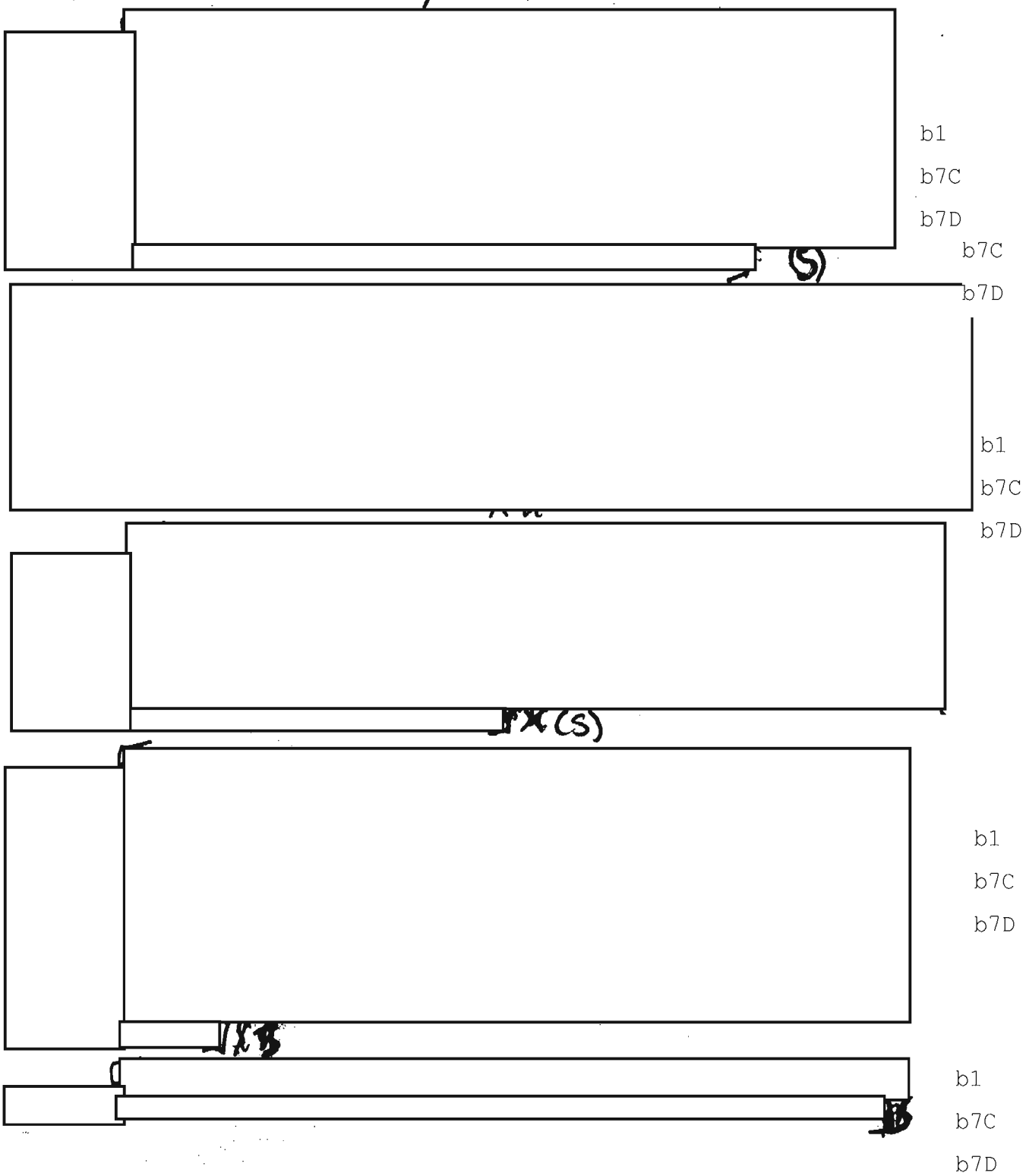
and a naturalised Brazilian, Boris Davidovitch, said to be the owner of all known monazite deposits in Brazil, [redacted] in developments in this field. S U

As a practical matter, relations between Argentina and Brazil are extremely important to the United States and it is imperative that the United States Government be informed of the relations between these two countries. The Legal Attache [redacted] in Rio de Janeiro. This [redacted] some of his information has been of a startling nature. S U b7C b7D

Much attention has also been devoted to the activities of the Constituent Assembly working on a new Constitution in Brazil. S U

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CANADA



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CHILE (U)

Although apprehensions, convictions and expulsions concerning the major subjects involved in the FYL and PGZ radio cases occurred a considerable time ago, investigations of these cases continue at the present time due to the complexity and vast scope of these cases. Both cases had important international ramifications requiring extensive investigation by numerous SIS offices. Each step in the investigation, detention and prosecution of the subjects of these cases resulted from the work of the Bureau's representatives who, at the request of the Chilean authorities, assisted the latter in every instance. (U)

As in other SIS offices, the Bureau representatives in Santiago assisted materially in the review of the archives and records of the former German Diplomatic Mission in Chile. A tremendous volume of work was encountered in this project, which, however, was handled in a minimum of time. The findings of the Bureau's representatives were of considerable interest to the State Department and other agencies and materially assisted the State Department in its discussions with the Chilean authorities concerning the control and nationalization of German schools in that country. (U)

The Santiago office reported late in 1945 the formation of the "Committee for Aid to Italy", the purpose of which evidently was the collection of funds and other material for the underprivileged in Italy. Investigation reflected that a number of individuals participating in this movement had manifested pro-Fascist tendencies in the past. (U)

Recurrent political crises in Chile necessitated the continuous investigation of political developments in that country. The long illness of President Juan Antonio Rios which culminated in his death on June 27, 1946, gave rise to considerable political uncertainty and unrest in Chile. As the Chilean Constitution calls for a Presidential election within sixty days after the death of the President, it is expected that the Presidential campaign will greatly accelerate and intensify the political situation in that country. Even prior to the death of President Rios, a great deal of political maneuvering on the part of prominent political parties was observed. Radical Senator Alfredo Duhalde (Vasquez), Vice President and Acting Chief of State, actively endeavored to gain control of the Radical Party in order to promote his candidacy for the Presidency. Former President Arturo Alessandri is also expected to make a powerful bid for the Presidency. If Alessandri is named as the Liberal candidate, it is expected that Jaime Larrain will be the candidate of the Agrarian-Laborite Rightist elements. As yet, Duhalde has not publicly announced his candidacy but it is expected that this step will be taken in the very near future, in which event he is expected to appoint as Chief of State the present Minister of Public Works, General Manuel Trovarias. (U)

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COLOMBIA

General Political Situation

Following various revolutionary attempts against the Government of former Colombian President Alfonso Lopez and the continuance of a state of unrest, Lopez declared Bogota to be in a state of siege, and on July 31, 1945, he resigned the Presidency. The selection of Alberto Lleras (Camargo) to succeed him restored the political situation to comparative quiet, although Lleras (Camargo), when Foreign Minister had been a steady target for many leftist elements in Colombia. In a regular election on May 5, 1946, Dr. Mariano Ospina (Perez), who represents the Conservative Party in Colombia, was elected President. This Conservative Party victory was made possible because the Liberal Party elements divided into two camps: those who followed Dr. Gabriel Turbay, and those who followed Jorge Gaitan. This Liberal split was bitter, and acts of violence occurred between Gaitan followers and Communist elements which had supported Turbay. The election of Ospina (Perez) is regarded as a blow to present Communist aspirations in Colombia.

The rapidly changing political situation in Colombia was efficiently followed and reported by the Office of the Legal Attache. As a further note of interest it is pointed out that United States Ambassador John C. Wiley depends to a large extent upon the Legal Attache for political information.

The Office of the Legal Attache in Bogota has, through its Police Liaison agents, achieved close cooperation with the Colombian National Police in the covering of investigative leads of interest to the Bureau and to a great extent the Liaison Agents have been able to maintain political coverage [redacted] b7C b7D

FYL Case - "Apfel" Sabotage Group

Albert Julius von Appen (Oestmann), who, as a result of investigation and in the light of various FYL radio intercepts, appeared to be the individual known as "Apfel," a German sabotage leader for South America, was apprehended for the second time on March 24, 1945, by the Counter-espionage Section of the Chilean Investigations Service. On March 24, 1945, Von Appen confessed that he was "Apfel", the Sabotage leader, and that he had secured instructions in sabotage in Germany in 1939. He further admitted having headed a group of sabotage agents which included Boris Dreher of Santiago, Chile. Dreher was subsequently arrested by the Chilean authorities, and admitted being assistant to Dr. Frederick Blass, alias "Dr. Braun," of Rio de Janeiro, who was in charge of the Von Appen espionage group which operated in the northern countries of

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South America. It was ascertained that Dr. Blass and Max Dreher had traveled to Colombia during the early part of World War II and recruited the following Germans in Colombia: Bruno Johannsen, Oscar Poensgen, Hans Lahrius, Dr. Roggemann, and Harold Von Krogh. S U

Immediately following the receipt of this information by SIS operatives in Colombia, investigation was instituted by Bureau Police Liaison Agents, with the result that the information secured by the Bureau from Von Appen in Chile was verified. Through the cooperation of the Colombian National Police, the Police Liaison Agents were, under favorable conditions, able to secure signed statements from Hans Lahrius, Bruno Johannsen, Wilhelm Streipke and Hans Tieck, all of whom had admitted their recruitment by Dr. Blass, and gave details concerning the sabotage group. Dr. Roggemann and Von Krogh were located in other countries. S U

It is interesting to note that the persons who furnished statements confessed to having taken oaths of allegiance and obedience to Hitler's Reich, and in spite of this oath had used for personal advantage funds given to them by Dr. Blass. S U

Lahrius, Johannsen, Streipke and Tieck were already interned at the time of their interrogation relative to the Von Appen case. The Colombian authorities failed to consider further punishment of these individuals. It is felt, however, that the evidence gained by admission to the effect that these men had taken an oath of loyalty to Hitler's Reich at a time when Colombia was cooperating with the Allied Nations in the prosecution of the war, will serve to place them under the observation of the Colombian Government as long as they live in that country. S U

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COSTA RICA

With the termination of the war against Germany and Japan there was a marked change in the intelligence situation in Costa Rica. The threat of German and Japanese subversive influences was for all practical purposes ended and the domestic political struggle assumed the position of highest importance from the intelligence standpoint.

Because of the increase in Communist activity in Costa Rica through the medium of the Vanguardia Popular, which was formerly known as the Communist Party of Costa Rica, the Bureau's coverage of political activities and Communist trends was extended. This coverage has been excellent and has furnished an insight into the political maneuverings which have occurred in Costa Rica.

As the result of its coverage in Costa Rica the Bureau has also been able to secure valuable information concerning the political activities of various neighboring countries such as Nicaragua. Exiles from these countries have taken refuge in Costa Rica and, therefore, information which would not have been available to the Bureau in Nicaragua itself has been secured through coverage in Costa Rica.

Likewise, the Bureau's coverage in other countries has been helpful in obtaining a well-rounded intelligence picture of Costa Rican activities. For example, in April, 1946, when it became known that opposition elements in Mexico were planning an armed revolution against the administration, President Picado despatched the leader of the Vanguardia Popular, Manuel Mora Valverde, to Mexico to investigate the revolutionary plot. Through its coverage in Mexico the Bureau was able to ascertain Mora's activities while there which included several visits with Vicente Lombardo Toledano, prominent Mexican labor leader.

Intelligence coverage has reflected the influence exercised over the Picado Government by Communist elements. One indication was Picado's entrusting Mora with the aforementioned assignment to Mexico and another lies in a recent incident in which Colonel Daniel Gallegos, Sub-secretary of Public Security and a close personal friend of the President, resigned his office on May 6, 1946, subsequent to his refusal of a strong request made of him to cooperate with Manuel Mora and the Vanguardia Popular.

For a short period of time a Police Liaison Agent was stationed in San Jose, Costa Rica, in an extension of the Bureau's coverage. There is no Police Liaison Agent in Costa Rica at this time.

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CUBA

General Political Situation

Following the election of Dr. Ramon Grau (San Martin) as President of Cuba, the Cuban political situation continued to be turbulent in character. Many changes in Grau's administration have occurred. Numerous rumors and information from reliable sources up to the present have indicated that ex-President Fulgencio Batista is desirous of returning to Cuba and becoming again an important factor in Cuba's political life. However, despite various alleged revolutionary plots reportedly headed by Batista, no evidence has been obtained to date which would indicate that Batista has been or is now interested in re-entering the Cuban scene by the use of force.

It is estimated that since Dr. Grau (San Martin) became President between thirty-five and forty political murders have been committed by revolutionary groups in Cuba who are presently friendly to the Grau regime or had previously been associated with it. None of these murders have been successfully investigated to date. One of them, involving the death of Eugenio Lanillo, is reliably reported to be connected with graft on the part of high dignitaries of the Grau regime, including Paulina Alsina, Viuda de Grau (the First Lady of the Republic). Juan de Cardenas, former head of the Cuban Bureau of Investigation, reliably reported to be the murderer of Lanillo, was allowed to escape to Mexico because of his threat to expose the various Grau officials. This information is indicative of the degree of law and order maintained in Cuba at the present time.

President Grau and his followers, who had openly criticized the Communist Party in Cuba, namely, the Popular Socialist Party, began, immediately following Grau's installation as President, a program of cooperation with the Communist elements in Cuba. The Grau-Communist cooperation program is admittedly causing dissatisfaction within the ranks of Grau's party, the Autentico Party, and in other segments of the Cuban population. Reliable sources have indicated that Communist influence in Cuban affairs is practically uncontrollable.

On June 1, 1946, Manuel Fernandez (Supervielle) was elected Mayor of Havana. This post, according to reliable political observers, is second in importance only to the Presidency of Cuba. Fernandez was chosen by the political forces under the leadership of President Grau, mainly the Autentico Party, which reportedly traded the support of the Cuban Communist Party for Manuel Fernandez in return for Autentico support of various Communist candidates.

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At 2:00 A.M. on May 17, 1946, approximately forty civilians armed with machine guns attempted to seize Camp Columbia, the Cuban Army Headquarters, located on the outskirts of Havana. The Cuban Army had previous notice of this attempt and it was promptly suppressed. It is interesting to note that reports from Bureau representatives in Cuba were the only ones among those submitted by United States Government agencies which promptly reported the true situation in all its details. This coup d'etat was planned by the Cuban Revolutionary Legion, "Legion Revolucionaria," and by followers of Abelardo Manoo, a revolutionary leader. Also involved was Mario Salaberria, the former head of the SIAE Section of the Cuban National Police, and present leader of the "Legion Revolucionaria." Salaberria has been opposed to the Gran Government ever since he was removed as Chief of the SIAE for a report in which he accused several Gran Government officials of graft. This revolutionary attempt was classed as "completely unsuccessful." The SIS representatives in Cuba were able to state definitely that Fulgencio Batista was not connected with this affair, thus obviating extensive investigation of another of the various rumors of revolutionary plotting involving Batista which have originated in Cuba and have been circulated in the United States. ~~S~~ U

The high lights of the political scene as discussed above were promptly and efficiently reported by SIS representatives in Cuba, in spite of the high fluidity of the Cuban political situation, which demands constant attention to the development and maintenance of reliable informants, and efficient investigation. ~~S~~ U

In addition to achieving up-to-the-minute coverage of the Cuban political situation, Bureau representatives have kept other United States Governmental agencies in Cuba adequately apprised of important developments. ~~S~~ U

Many investigations have been conducted by the Bureau at the request of these agencies and of Ambassador Norweb. As a result of Bureau operations in Cuba, various selective service cases and criminal matters of interest to the Bureau have been followed to their logical conclusion. In many of these cases the Bureau's Police Liaison Agents have been able to secure the cooperation of Cuban police agencies despite the frequent changes of police personnel and the generally poor standards of police efficiency in Cuba. ~~S~~ U

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July 1, 1946

DOMINICAN REPUBLIC

Internal Political Trends.

Since 1941 Dominican Republic political leaders living in exile have been plotting the overthrow of the Trujillo government, but only recently have their activities been of particular interest. Extensive coverage by informants of the Legal Attaches in the Caribbean area, who are connected with the revolutionary elements has enabled the Bureau to carefully follow developments in coup d'etat efforts. To date the revolutionary factions in opposition to President Rafael Leonidas Trujillo do not seem to possess sufficient strength to engage in any positive action against Trujillo. Trujillo apparently maintains effective control of the Dominican Republic and reports of suppression of dissident elements within the country by various measures, including murder, have been reported to the Bureau.

The United States State Department is interested in denying the sale of arms to either the Dominican Republic or its sister country of Haiti because it is considered likely that the availability of arms either to the Dominican Republic or Haiti will result in bloodshed, revolution or war between these two countries. Through Bureau representatives in the Dominican Republic and the other Latin American countries the Bureau has been able to report information of interest concerning the efforts of Colonel Rodolfo Bosch (Pearson), Inspector General of the Dominican Army, and Salvador Cobian (Parra) to obtain arms for the Dominican Republic in Brazil, Argentina and Chile. It was ascertained that the Dominican corvette, the SS "Colon" arrived at Rio de Janeiro, Brazil, on March 30, 1946, and was loaded with arms and ammunition destined for the Dominican Republic. Bureau observers noted that this ship was loaded with 300 cases of rifles and 1200 cases of ammunition and that the shipper of this consignment was listed as the Brazilian Ministry of War. Some of the cases were marked for the General Supply Headquarters of the Dominican Army. This shipment of arms reached Ciudad Trujillo in the Dominican Republic on April 25, 1946. Bureau observers in the Dominican Republic noted that Salvador Cobian (Parra), a Dominican Republic Army major also arrived with the shipment aboard the "Colon." Colonel Rodolfo Bosch who is suspected of having engineered the above deal is presently reported to be in Santiago, Chile, for the purpose of purchasing more munitions for the Dominican Republic. This information was promptly forwarded to the interested United States government agencies and SIS agents are continuing to follow this matter.

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ECUADOR

Deportations early in the war of influential German and Italian nationals resulted in the substantial elimination of Axis influences in Ecuador. It was necessary, however, for the Bureau's SIS representatives in that country to be continually on the alert for evidence indicating a possible resurgence of Axis influence.

Due to the highly unstable nature of the Ecuadoran Government, it has been necessary for the Bureau's representatives to follow all political developments extremely closely.

Throughout the incumbency of President Jose Maria Velasco Ibarra in Ecuador, a turbulent political atmosphere has beenprevailing, aggravated by serious economic dislocations. Recurring crises and rumors of imminent revolutionary plots culminated in a threat early in 1946 to depose the present government by an undercover military leadership headed by General Alberto Enriquez, Provisional President of Ecuador in 1937 and 1938. On March 30, 1946, the Ecuadoran Government arrested and exiled General Enriquez and twelve other opposition leaders. By governmental decree President Velasco Ibarra was vested with all the power necessary to maintain public order, which in effect, suspended the constitutional guarantee of habeas corpus and trial by jury and established the President as a limited dictator.

Although the Spanish Falange in Ecuador has not been active for a considerable period and investigations on the part of the Bureau's representatives failed to disclose pro-Axis activities on the part of the Spanish Mission in Ecuador, it was learned that early in 1946 the Spanish Legation in Quito was instructed by its foreign office to institute a propaganda campaign directed to combat accusations made against the Spanish Government at the United Nations Conference. The Spanish Mission was directed to refute accusations that (1) thousands of Germans still reside in Spain, (2) Germany is experimenting on atomic energy in Spain with the consent of the Spanish Government and (3) there are international political ramifications connected with the closing of the Spanish frontier.

In the latter part of 1945, a French Mission which had been traveling throughout Latin America spent considerable time in Ecuador. Investigation by the Bureau's SIS office reflected that the primary purpose of the visit which received favorable publicity was to establish good will and to propagandize the position and achievements of the French.

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[redacted] subsequently furnished the Bureau with comments on the activities of two of the subjects in that case, Julius Joseph and John Abt, both of whom were recently in London traveling to the continent. In addition to the cooperation rendered in specific cases, Special Agent [redacted] has furnished a volume of information on individuals seeking permission to enter the United States from Great Britain. Some of these people are known members of the Communist Party and possess a subversive background.

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Special Agent [redacted] in London secured surreptitiously a highly secret G-2 report prepared in France which was reported to be an analysis of coded messages between French intelligence headquarters in Paris and French agents in the United States. This report identifies several French agents in the United States. It contains several indications that the French plan to establish an espionage system in the United States had the blessing and was being forwarded by several OSS officials. Of particular interest is frequent reference to one [redacted] in Washington [redacted] has since returned to France. So far as the G-2 report indicated [redacted] never revealed to his superiors in France his contacts with the Bureau.

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Axis espionage agents held at Camp 020, London, by the British, are being gradually returned to their native countries. Through [redacted] b7C the Bureau has secured information on a number of these prisoners who will be returned to Latin America. Thus the Bureau is in a position to notify the countries in question to the arrival of these former enemy representatives. EH

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FRANCE

In October, 1945, the Bureau's Army liaison in France was recalled along with other Army liaison units throughout Europe. This left Special Agents [redacted] and [redacted] representing the Bureau in Paris in a liaison capacity with the American Embassy. These two Agents took up their duties in July, 1945, and both men have been in Paris since that time, although Special Agent [redacted] is presently Acting Legal Attache in London, England during the absence of Special Agent [redacted] who has returned to the United States temporarily. b7C

During the time that the Bureau was represented by its Army liaison unit, that group devoted considerable effort to following the activities of the Communist Party and Communist agents in France. Several effective informants were developed who demonstrated that they were in a position to furnish our representatives with accurate and detailed information concerning the progress and development of Communism within France.

Upon the recall of the Army liaison unit in October, 1945, the Agents assigned to the Embassy took up the task of following and reporting on Communism in France. They have been able to furnish the Bureau with valuable information concerning the activities of the Soviet Repatriation Mission and the Union of Soviet Patriots, both of which are presently functioning in France. Recently a report was received from our Paris office concerning the work of the Soviet Repatriation Mission, which is engaged in a man hunt for Russian nationals who are to be returned to Soviet Russia. Information has also been submitted concerning the personnel of the Russian Military Mission presently functioning in the South of France in close liaison with members of the Spanish Communist Party. The Spanish Communists are known to be congregating in the city of Toulouse in the South of France for the purpose of directing their efforts toward the overthrow of the Franco Government in Spain. The Bureau has been advised by its Paris office that most of the leading Communists who were recently in the Western Hemisphere are now operating in and around Toulouse.

The Paris office submitted a summary report setting out the background of the principal Spanish refugee groups in France, as well as the activities, organization, and leaders of the Communist Party of Spain and its close relationship with the Communist Party of France.

In January, 1946, the Bureau's representative in Paris was able to have a check made of the files of the Police Judiciaire in Paris for the purpose of determining whether George Mink, the subject of an Internal Security - R investigation in the Bureau, had resided in Paris in 1935.

Information has also been furnished to the Bureau by the Paris office concerning some of the individuals involved in the case of the Red Orchestra. Between 1936 and 1943 Soviet Russia operated an extensive espionage organization in Germany, Holland, Belgium, France and Switzerland, the

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personnel of which included agents of the Red Army Intelligence, the Comintern, and the NKVD. The Bureau has received information on the individuals involved in this case from both London and Paris. S U

The Paris office has also conducted a complete investigation into the background of the two principal figures in the Go Case, Dieudonne Costes (Tom X) and Paul Jean Marie Cavailles (John Y). Costes and Cavailles lived in Paris for many years and through interrogation of friends and acquaintances, as well as examination of Police records, it was determined that Costes, as the Bureau had understood, did not collaborate with the Germans during the occupation of France except on the surface. In fact he was able to slow down the workings of the factories with which he was connected to such a degree that at one time the Germans threatened to have him executed. As far as Cavailles was concerned, his collaboration with the Germans was confirmed. S U

Another example of the type of information furnished by the Paris office concerning members of the Communist network in Europe is a report recently submitted concerning General Ljubo Ilich, who is scheduled to come to the United States as a diplomatic representative for the Yugoslav Government. This report describes Ilich as a Comintern agent who has worked for the Soviet Government in Spain, France and Yugoslavia. He is described as a protege of Marshal Tito with large and varied experience in clandestine operations on behalf of the Soviet Government. S U

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GUATEMALA ~~X~~ U

As a result of its coverage the Bureau has been able to closely observe the various political undercurrents against the Arevalo Administration. At one time it was reliably reported that five separate revolutionary organizations were planning the overtarow of the Government. The last outbreak occurred in late June, 1946, at which time a revolution was attempted by a group of young Army officers led by Jorge Palacios. The plot allegedly called for the assassination of the President, of the Chief of Police and of the Chief of the Armed Forces, and for the kidnapping of the Commander of the Guard of Honor. The plot was abortive and was successfully checked by Guatemalan Police. Approximately 100 persons were arrested as a result of the outbreak. Had the plot not been so poorly organized, there is strong indication that a stronger opposition group, led by Carlos Padilla y Padilla, would have joined the movement. The Padilla group, however, had planned to join in the uprising only if it clearly appeared that the outcome would be favorable. ~~X~~ U

The Bureau has followed closely Spanish activities in Guatemala. It will be recalled that Guatemala broke relations with Spain on January 22, 1945. It was not, however, until September 10, 1945, that Guatemala recognized the Spanish Republican Government in Exile. Spanish Falange activities in Guatemala have been clandestine and on a small scale. The former Minister of Spain continues to reside in Guatemala, although he has been declared persona non grata. The Falange is not operating any front organizations in Guatemala, although it is alleged that about $800 a month is received from Spain through the Spanish Legation in El Salvador. Inasmuch as the border between El Salvador and Guatemala is open for crossing without search, it would be possible for this money to enter Guatemala for the carrying on of Falange activities. ~~X~~ U

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HAITI (U)

The political situation in Haiti has been extremely unfavorable during the past two years. The possibility of revolution brought about by dissatisfied political elements has been constantly present. In addition, the government of former Haitian President Elie Lescot had to cope with interference on the part of revolutionists of the Dominican Republic. Bureau representatives followed these activities carefully. (U)

On January 7, 1946, students and professors of Port-au-Prince schools struck in protest to the closing by the government on January 4, 1946, of the student radical newspaper, "La Ruche," and also in protest against the continuance of President Lescot in office. By January 11, 1946, this strike had spread throughout the entire republic of Haiti and gathered widespread support. On January 11, 1946, President Lescot was forced to resign and a Military Commission assumed control of the government. President Lescot and his family departed from Port-au-Prince on a chartered Pan-American Airways plane and arrived in Canada a few days later. Various members of Lescot's cabinet also fled from Haiti. (U)

On passing through Miami, Florida, President Lescot stated that Communists had caused the overthrow of his government. However, investigation revealed that these statements were false because the demonstrations against the Lescot government were joined by the Communists rather than initiated by them. (U)

Political matters in Haiti have been constantly followed by the Legal Attache and matters of interest are distributed to the Embassy and to the Bureau. (U)

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HONDURAS

While the regime of President Tiburcio Carias Andino has remained one of the most stable Governments in Latin America, there has been some political undercurrent against it. In May, 1945, a group of Honduran women gathered at a public place in Tegucigalpa, ostensibly to celebrate the surrender of Germany. During the meeting the Carias administration was attacked and demands were made for the release of political prisoners. The National Police dispersed the crowd and arrested 28 of the leaders. At the San Francisco Conference in 1945, a protest was made against the dictatorial regime of Carias with the request that "this bloody dictatorship be eliminated from the Americas."

The Bureau has effected excellent coverage in Honduras and has thus been kept advised of the various movements and undercurrents.

While some observers have indicated that President Carias, who is advancing in age, would like to resign from office at the height of his popularity, there is no indication other than that he will serve out his full term which expires January 1, 1949. In recent months, oppositionist activity has increased. On May 9, 1946, a group of women held a public meeting in protest against Carias. On May 16, 1946, the cuartel which houses the Government garrison in San Pedro Sula caught fire and was completely burned. The arms and ammunition stored in the building were destroyed. Informed sources stated that oppositionist activity will probably be increased with the resignation of Carias as its central demand.

It is to be noted that in January, 1946, Carias requested the Congress to lift the state of siege which had been invoked immediately following Honduras' declaration of war against Japan on December 9, 1941. Under the state of siege the Government was enabled to keep oppositionist activity at a minimum.

On June 20, 1946, two exiled Honduran Generals, Santos Chinchilla and Torivio Ramos, were suddenly arrested by Salvadoran Police and an attempt was made to deport them to Costa Rica. Costa Rica, however, refused to admit them and the Generals were returned to Salvador on the following day and were set free. This incident indicates the active support of the Honduran administration by the Salvadoran Government. A possible significance of this incident may lie in an unconfirmed report to the effect that the Honduran Government, fearing potential revolutionary activity against it, actively solicited the assistance of the Salvadoran Government against these two exiles in Salvador.

On June 24 and 25, 1946, rumors circulated indicating that President Carias was dead. These rumors were unfounded.

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ITALY X 11

On July 10, 1945, Special Agent [redacted] was sent to Rome as our liaison representative with the American Embassy. He holds the title of Vice Consul. Our Italian representative has been able to furnish information concerning the activities of Palmiro Togliatti, head of the Italian Communist Party, with particular emphasis on Togliatti's reaction to the recent Italian elections. He also furnished reports reflecting Togliatti's adherence to the Communist Party line concerning the possession of Trieste which is being disputed by the Italians and Yugoslavians at the present time. X 11 b7C

In April, 1946, Special Agent [redacted] in Rome furnished a report concerning thirteen Communist propaganda agents who had received passports issued in a highly secretive manner on the direct orders of Giorgio Amendola, Undersecretary to the Presidency of the Italian Council of Ministry. It appears that Amendola had been a member of the Communist Party for a number of years and the passports were issued to enable the thirteen Italian Communists to proceed to France. This report furnished also contained photographs and identifying data on these thirteen individuals. X 11

Our Rome representative has also conducted numerous investigations on many individuals who claim American citizenship and who desired to return to the United States. X 11

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At the present time there are two Bureau Agents and one stenographer assigned in a liaison capacity to General MacArthur's staff in Tokyo, Japan. These Agents are [redacted] third Bureau Agent who had been in Tokyo, Special Agent [redacted] was recently recalled but not replaced. The first Bureau Agent arrived in Tokyo in September, 1945, proceeding from Manila with the first echelon of the Counterintelligence Corps.

The cases of most immediate interest to the Bureau in Japan were those involving treasonable activity against the United States on the part of American citizens residing in Japan. These cases include the investigation of Iknko Toguri, popularly known as "Tokyo Rose." This woman's activities in the broadcasting of Japanese propaganda to American Armed Forces have received wide publicity in the United States during the war. Toguri was interviewed by Bureau Agents and a signed statement was secured from her setting forth her background and the history of her work with the Japanese in their propaganda efforts. It is expected that Toguri may be prosecuted by the United States Attorney at Los Angeles, California. Another treason case of interest is that of [redacted] who collaborated with the Japanese during the period of his internment at Camps Surugadai and Bunka in Japan. Bureau Agents have furnished a complete report which has been submitted to the Criminal Division of the Department of Justice. [redacted] recently arrived in the United States. In addition to the foregoing treason cases, there are about twenty other treason investigations pending in the Tokyo office at the present time. b7C b7C

In April, 1946, the Bureau's representative at Tokyo secured information from the [redacted] passports were being sold to alleged members of the Russian Intelligence Service. This report included the identity of the persons alleged to be engaged in the sale of these passports. Subsequently, another report was submitted setting forth the names of four individuals believed to be potential Russian espionage subjects. These four, all of whom are Soviet citizens, are known to have secured Portuguese passports for the purpose of coming to the United States. b7C b7D

In the field of German-Japanese espionage activity, the Bureau's representatives at Tokyo have been able to secure a considerable quantity of information concerning the Sunset Case, which originated at Lisbon, Portugal, and which involved members of the Japanese Diplomatic Staff in that city. One of those involved was Masutaro Inoue. This man was interviewed by a Bureau Agent in Tokyo in May, 1946. During this interview, he admitted his connection with Fritz Cramer, also implicated in this case.

Another espionage case of interest to the Bureau in Japan was the Spanip Case. In connection with this investigation, a Bureau Agent at Tokyo

interviewed Tadaichi Joe Hirakawa in February, 1946, and Isamu Yamazaka, formerly Chief Secretary, Overseas Section, Radio Tokyo. These men were questioned concerning the radio scripts used in the broadcasting of propaganda for the Japanese during the war. They were also specifically interrogated concerning the nature of the "Hello, Annie" messages which were transmitted by the Japanese. S U

The Tokyo Office has also submitted a report, together with newspaper items from Tokyo, dealing with the telephone conversation between Dr. Mori at Honolulu and a representative of the Yomiuri Shimbun in Japan on December 5, 1941. It has been alleged that through the medium of this conversation Dr. Mori was able to transmit to Tokyo certain intelligence information concerning the United States fleet at Honolulu. S U

By letter dated May 24, 1946, Agent [redacted] at Tokyo transmitted to the Bureau a memorandum covering the events in Japan from 1931 leading up to the war with the United States. He also included a copy of a signed statement of Shigenori Togo, Minister of Foreign Affairs in the Tojo Cabinet from October 18, 1941, to September 1, 1942. Togo's statement is interesting in connection with the Pearl Harbor inquiry in that he covers the negotiations between the United States and Japan from his knowledge as Minister of Foreign Affairs. His statement outlines the course of action followed by the Japanese during the negotiations leading up to the attack on Pearl Harbor. Of particular interest in this statement is the reference to the note of Cordell Hull on November 26, 1941, which, Togo says, was accepted by the Japanese as an ultimatum from the United States. S U

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In addition to the information furnished on the foregoing cases which are of primary interest to the Bureau, our representatives at Tokyo have also secured a volume of material concerning general intelligence matters such as the Communist Party of China, the Communist Party of Japan, the personnel and activities of the Soviet Military Mission in Japan, and data concerning the Japanese intelligence system during the war. S U

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MEXICO ~~S~~ U

Espionage

During the past year the investigation of espionage activities centered mainly around the Mexican microscopic dot case which is also known as the Clog Case. This investigation, of course, has been carried on for the past five years. ~~S~~ U

The most important development during the past year was the presentation of the facts in the Clog Case to the Mexican authorities on January 26, 1946. It will be recalled that great delay was encountered in the presentation of the case due to the attitude of the United States Ambassador to Mexico and also because of the attitude of the United States Navy because of possible revelation of our possession of the German code. The case was received by the Mexican authorities with great interest and they advised that the case would be reviewed by the Mexican Cabinet. The Mexican Foreign Office verbally consented to the repatriation to Germany of all the subjects in the Clog Case who are of German citizenship. The Foreign Office also indicated that those who had become naturalized citizens of Mexico would be denaturalized and then repatriated to Germany. To date, however, no further action has been taken by the Mexican authorities and the disposition of the case is dependent upon their final decision with respect to the action to be taken. ~~S~~ U

George Nicolaus, one of the leading subjects in the Clog Case, was deported from New York City on December 22, 1945. He arrived in Frankfurt, Germany, January 9, 1946, at which time he was turned over to the custody of the United States Provost Marshal General. It is interesting to note that after Nicolaus' arrest and interment in March, 1942, he refused to divulge any pertinent information concerning the espionage activities of his group. However, upon being interviewed subsequent to the fall of Germany and the reported death of Hitler, Nicolaus explained that he felt his oath to Hitler was no longer binding and he willingly furnished detailed information concerning the complex and multitudinous operations of the Clog Case. ~~S~~ U

Another of the original subjects in the Clog Case, Frederick Karl Von Schlebrugge, was recently located at Pehtaiho, North China, where he was interviewed by a Bureau Agent. It will be recalled that Von Schlebrugge fled from Mexico in 1941, leaving George Nicolaus in charge of the espionage ring's operations. The interview of Von Schlebrugge revealed no information not previously secured through the Bureau's investigative efforts. ~~S~~ U

Selective Service and Desertors U

Because of its proximity to the United States, Mexico has become ~~S~~

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the principal haven of refuge of United States fugitives. The ease with which the border between the United States and Mexico may be crossed has made it possible for numerous criminals to evade police authorities. &U

The accomplishments of the Bureau in Mexico with respect to Selective Service violators and deserter fugitives have been excellent. Operating with limited personnel during the ten-month period from July, 1945, to April, 1946, 43 Selective Service fugitives and 67 deserter fugitives were located. This investigative activity in Mexico has made it possible to bring to a logical conclusion a large number of these types of cases. &U

Other Criminal Violations

In addition to the Selective Service violators and deserter fugitives the Bureau has handled a large number of criminal cases in Mexico, representing a crosscut of the Bureau's criminal classifications. The office of the Civil Attache in Mexico has more pending cases than any other of the Bureau's SIS Offices. &U

The Bureau's liaison with Mexican police officers has been excellent and through this relationship the Bureau has been able to bring to justice many badly wanted fugitives. Because of the extradition treaty now in force between the United States and Mexico, which is based upon a treaty signed in 1899, the list of extraditable offenses does not include many important criminal offenses under the Bureau's jurisdiction. Thus, fugitives who have committed some of these offenses cannot be made available to the United States authorities through extradition proceedings. Through our liaison with Mexican police, however, the arrest of a wanted fugitive who has been located by Bureau personnel can be arranged and the fugitive is then expelled from Mexico at a point where FBI Agents are able to take the fugitive into custody immediately. &U

Through its police liaison the Bureau has been instrumental in awakening Mexican police officials to the possibility of international police cooperation. &U

Escaped Prisoners of War

The Office of Civil Attache has located a large number of escaped prisoners of war and, as an example, for the 10-month period from July, 1945, to April, 1946, 13 escaped prisoners of war were located. In a more recent case in which approximately 27 Italian prisoners of war escaped from a United States vessel which had docked at Acapulco, Mexico, the Office of Civil Attache was instrumental in locating approximately ten of these prisoners of war. &U

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Political Activities

The Bureau's political coverage in Mexico has been very adequate and has kept the Bureau well informed on the various movements in Government circles. Preceding the Presidential elections which took place on July 7, 1946, there was intensive political activity throughout the Republic. The present indications are that Miguel Aleman, the candidate backed by the incumbent Avila Camacho administration, will win the election. Results tabulated to date show that Aleman holds a large lead over his most serious rival, Ezequiel Padilla, former Foreign Minister of Mexico. SU

In addition to the political activities concerning Mexico itself, the country has continued to be a haven for revolutionists of other countries such as Honduras, Nicaragua and Costa Rica. Because the leading revolutionists and oppositionists to the incumbent Governments in these countries have been, in many instances, exiled to Mexico, it has been only through the Bureau's adequate coverage that a composite well-rounded picture of the internal politics of these other countries has been secured. In recent months, President Teodoro Picado of Costa Rica despatched Manuel Mora Valverde to Mexico City for the purpose of learning the details of a revolutionary plot against the Costa Rican Government which was being hatched in Mexico. With the Bureau's effective coverage the activities of these Costa Rican revolutionaries were ascertained and were made available to the Legal Attache in Costa Rica and to appropriate Government agencies. Until recently, two of the leading oppositionists to the Somoza administration in Nicaragua, General Carlos Pasos and former Nicaraguan President Emiliano Chamorro, were exiled in Mexico. Thus, political coverage in Mexico has been of assistance in keeping the United States Government informed on activities not only in Mexico but also in other countries. SU

Spanish Activities SU

The Spanish colony in Mexico numbers approximately 100,000 persons. It is stated to be the most influential foreign colony in Mexico both from an economic and social standpoint. It exercises virtually complete control of the food industry and has considerable influence in the fields of finance, textiles and metallurgy. The majority of the Spanish colony in Mexico are of conservative, strong Catholic sympathies. The Spanish colony contributed heavily to the Franco cause during the Spanish Civil War and a branch of the Spanish Falange was established in Mexico. Prior to 1941 the Falange was extremely active and closely collaborated with German Nazi activities. At the present time a nucleus of the Falange continues to exist in Mexico and is composed primarily of special representatives sent from Spain who are supported by the strongly conservative and wealthy Spanish residents. SU

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NICARAGUA & U

During the past year, as a result of the termination of the war, activities in Nicaragua became more or less restricted to the internal political undercurrents, particularly those against the administration of President Anastasio Somoza. & U

The Bureau has effected adequate coverage of political activities in Nicaragua through its various contacts and sources of information. By this means appropriate Government agencies have been kept advised of the latest developments. & U

In addition to keeping abreast of Nicaraguan politics, the Bureau's coverage has made it possible to secure valuable information concerning oppositionist plans against neighboring Central American Republics due to the exile in Nicaragua of leading oppositionists of these countries. & U

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PANAMA (S) (U)

The Office of the Legal Attache in Panama was established on May 4, 1945, and has been operated for the purpose of liaison with the various governmental agencies in Panama, including the Embassy, Military Attache, Naval Attache, G-2, Provost Marshal, Civilian Intelligence groups and local police organizations. This function of the Legal Attache serves a very useful purpose in that the Bureau receives much closer cooperation from these agencies which is essential to complete intelligence coverage of the Western Hemisphere. Since the Panama Canal Zone is under the exclusive jurisdiction of the Army the Bureau must be dependent on military authorities for all types of information from that area for both the domestic and SIS field offices. (S) (U)

One of the most productive features of the liaison work of the Legal Attache's office is that of police liaison work which will be described in detail in another section of this memorandum. (S) (U)

Through his personal and liaison contacts in Panama the Legal Attache has been of considerable assistance in covering leads both for the SIS and domestic field offices in applicant cases, Internal Security matters, espionage, selective service and in many types of criminal cases. During the last quarter of 1945, twenty-seven requests from other Legal Attaches were handled by the Panama office. (S) (U)

The Legal Attache has also interviewed merchant seamen wanted as subjects or witnesses by the domestic field who regularly arrive at Panama but who might not return to the United States for many months. (S) (U) b7C

Three special employees in the Canal Zone, [redacted], and [redacted], have, through their connections in Latin [redacted] of extreme value in the past. [redacted] and an important public figure in that country, is a relative by marriage of [redacted]. The [redacted] are used periodically for trips to Buenos Aires and other points to secure information from leading Latin American diplomats. Due to their prominence in Panama and their personal acquaintances with Panamanian affairs their value in that regard is great. (S) (U)

The Legal Attache in Panama has an arrangement whereby he can secure passage on shipside, airplane passage for personnel who do not have reservations below Panama. This has, of course, effected a substantial saving in time and money and has also assisted the Bureau in meeting urgent personnel requirements of other SIS offices. (S) (U)

Arrangements were made by the Legal Attache so that he can secure supplies through the Army Commissary in the Panama Canal Zone, thus permitting the Bureau to secure critical supplies which on many occasions would not be available elsewhere. (S) (U)

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The United States Governmental maintains in the Panama Canal Zone a modern, up-to-date and well equipped hospital of the type which is certainly lacking in some of the South American countries. On numerous occasions the Legal Attache has arranged for personnel from other Latin American countries to receive treatment in the Hospital in the Panama Canal Zone and he has been able to look after our personnel during periods of critical illness. S U

The Bureau's SIS office in Panama had occasion to interest itself in the activities of the Spanish Charge d'Affaires, Manuel Ones de Flandelit at the time when the local authorities endeavored to acquire the German Archives in the possession of the Spanish Mission. This individual is reliably reported to have burned some of the German records held by him and it is alleged that he operated an intelligence organization in Panama and also that he possesses open pro-Nazi sympathies. As a result of his activities Ones was declared "persona non grata" by the Government of Panama and was recalled to Spain. S U

The Office of the Legal Attache has periodically reported on important political developments in the Republic of Panama. The return of the former deposed President, Arnulfo Arias, on October 13, 1945, was a political development of considerable importance. The activities of Arias and his followers, particularly with relation to the present administration under the leadership of President Enrique A. Jiminez, have been closely followed by the Bureau's SIS representatives in Panama. S U

At the specific request of the Provost Marshal's office in the Panama Canal Zone a Bureau agent working under the cover of a captain in the Intelligence Office investigated, in the latter part of 1945, numerous thefts which occurred at various air fields in the Canal Zone during 1945. Through his inquiry the Bureau's representative successfully eliminated as suspects several army officers who were previously suspected as having been implicated in the thefts. In addition, while there have been previously many such burglaries, each week a sharp decline in the number of these crimes resulted and morale among the various units substantially improved. Upon the completion of this inquiry various Army officials in the Canal Zone expressed their appreciation. S U

As was the case in many other SIS offices, the Bureau's agents in Panama participated in a review of the records and archives of the German Mission in Panama. The results of the project which represented a considerable amount of work were gratefully received by the State Department and other United States agencies. S U

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PARAGUAY

In spite of the Paraguayan declaration of war against the Axis in February of 1945, conditions prevailing in various German colonies in Paraguay apparently have persuaded the Paraguayan Government not to press the matter of repatriation of Germans. In fact Paraguayan authorities freely state that since the Germans are their best colonists they would even welcome additional German immigrants. Such control in Nazi influences as has been possible in Paraguay was largely made so by the efforts of the Legal Attache there.

In August of 1945, Paraguayan Government expropriated all German and Japanese schools in Paraguay. All property of these organizations became subject to the control of the Minister of Education. This action was based upon information furnished by the Legal Attache at Asuncion to the American Embassy which in turn made it available to the Paraguayan Minister of Education.

A good deal of the clandestine smuggling of raw rubber and rubber tires from Brazil to Argentina went through Paraguay. This field provided extensive employment for personnel and informants in the office of the Legal Attache in Asuncion.

The office of the Legal Attache in Asuncion has always been extremely well informed about political developments in Paraguay. Moreover due in a large measure to the presence in Asuncion of a Bureau radio station, during the course of frequently recurring internal disturbances it has been possible for the Legal Attache to get the news of developments in Paraguay to the United States when all other methods of communication are cut off by the Paraguayan Government. Illustrative of both points is the case of the abortive military uprising by Colonel Viteriano Benitez Vera, Commander of the principal military establishment, Campo Grande, on June 8 and 9, 1946. The Legal Attache reported advanced information that the uprising was going to take place and gave a shot by shot account of the uprising as it progressed and failed.

As of June, 1946, negotiations were still going on between the Paraguayan and American Governments for the repatriation of certain German nationals. Information on these individuals has been made available to the Ambassador by the Legal Attache.

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PERU

As the Government of Peru effected the deportation of many prominent and dangerous Axis nationals early in the war, the Axis menace was substantially removed from Peru. It was necessary, however, for the Bureau's SIS representatives to be constantly alert for any evidence indicating a resurgence of Axis influence in that country.

In Peru as in other Latin American countries a tremendous amount of work was encountered by the Office of the Legal Attache in the review of files and archives of the former German Diplomatic Mission in that country. The results of this project were extremely gratifying to the State Department and other interested governmental agencies.

Ferdinand Westhoff who was interned in the United States following his deportation from Peru as a dangerous enemy alien filed an injunction suit in the middle of 1945 in order to prevent his repatriation to Germany. To support his suit Westhoff claimed Peruvian citizenship. Positive information that Westhoff had acted as a German spy in Peru and as an integral part of the PTL radio ring was obtained from decodes of PTL radio messages. Westhoff's own statements that he is a German and documents found in his possession, including a German passport, refute his claim to Peruvian citizenship. Detailed information concerning this individual was furnished to the Department for use in the injunction suit.

Although the Japanese Colony in Peru numbers about thirty thousand, the great majority came to Peru some years ago as common laborers. Throughout the war, however, continuous investigation was conducted concerning possible Japanese espionage, sabotage and related activities. There was no evidence to indicate that the Japanese were participating in such activities principally because the important Japanese leaders had been deported from Peru. Constant vigilance on the part of the Bureau's representatives was necessary, however, and in fact, was responsible for the discovery of a surprising development early in July, 1946. It has been ascertained that the secret Japanese organization entitled "Aikoku Doshi Kay" has recently been formed within the Japanese Colony in Lima by a former Japanese Army officer who arrived in that city from Brazil in June, 1946. This officer reportedly is clandestinely contacting small groups of Japanese whom he advises that the war is not over and that the Japanese are still fighting. Approximately twenty thousand Peruvian soles have been collected for the organization. Japanese who have resisted joining the organization are reported as fearful of reprisals and indicate that the organization is evidently comprised of fanatics and operates for terroristic purposes. A translation of the name of the society is said to be "Society of Patriots of our Country of Peru".

As in the other countries, it has been necessary for the Bureau's representatives in Peru to follow closely the developments of a political

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nature, particularly in view of the rapidly changing political scene which culminated in Peru's Presidential election on July 10, 1945. The pre-election campaign as well as the post-election developments were closely followed by the office of the Legal Attache in Lima, Peru.

On April 13, 1946, a riot occurred in Lima when a mob of approximately twenty-six hundred dispersed a group of Peruvian women representatives of the "Union Revolucionaria". Although the riot was blamed on the Apristas, the actions appeared to be the result of a mob decision rather than a pre-organized plan.

A further indication of the current unrest in Peru was the emergency mobilization of the Lima Police on May 1, 1946, at which time a large public demonstration was scheduled. It was feared that the Aprista Party might utilize the May Day demonstration to further its political aims.

Two handbills published and distributed by the Lima weekly "Hoguera", which is edited by Julio Luna, severely criticized the present administration as well as the Aprista Party and former United States Ambassador William D. Pawley for having granted all concessions in Northern Peru to the International Petroleum Company.

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PHILIPPINE ISLANDS (S U)

In July, 1945, there were four Bureau Agents assigned to General Douglas MacArthur's Headquarters at Manila in a liaison capacity. However, this number was reduced in September, 1945, when General MacArthur moved his Headquarters to Tokyo. In June, 1946, the Bureau's representation in Manila was terminated in view of the forthcoming independence of the Philippine Islands, which became effective July 4, 1946. (S U)

In the Summer of 1945 our Agents conducted a survey of security accommodations in Manila at the direct request of General MacArthur. In addition, Special Agent [redacted] was utilized by the Counterintelligence Corps to give two lectures to its training schools in Manila on Japanism. Special Agent [redacted] was temporarily assigned to the Provost Marshal's office as an adviser in assisting the Military Police organization to reorganize the Manila Police. (S U) b7C

Agent [redacted] worked exclusively for a period of two months with Military Intelligence in this reorganization project. A new operating code was written for the Manila Police. This code was prepared almost in its entirety by the Bureau representative. (S U) b7C

Through our contacts with the Manila Police Department arrangements were made for the attendance at the National Academy of three Police officers, all of them members of the Manila Police Department. These men attended the January, 1946, session of the National Academy, returning to Manila in April, 1946. At the present time all three men hold executive positions within the Manila Police Department. The head of that Department, Lieutenant Colonel Angel M. Tuason, has advised that he expects to utilize these men in positions where their training with the National Academy will be of the most assistance to the Department. (S U)

Within the last few months the bulk of the information coming from Manila has dealt with the political campaign prior to the election of Manuel Roxas to the Presidency of the Philippine Islands in April, 1946. In this connection, it may be noted that one of the reports submitted by the Bureau's representative in Manila reflected a confidential interview with President-elect Roxas, who at that time was President of the Philippine Senate. (S U)

In addition to the political information secured from this office, some very excellent reports have been received on the growth and rise of the Philippine guerrilla movement known as the Hukbalahap. This organization has taken to itself vast powers in central Luzon and many believe that it is heavily infiltrated by persons affiliated with the Communist Party or sympathetic to Communist ideology. Coincidental with the rise of the Hukbalahap has been the increase in terrorism and lawlessness in central Luzon. The Bureau's representative has been able to furnish some interesting reports on this situation. (S U)

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Among the reports furnished by Special Agent [redacted] at Manila has been a number made available to him by the Army concerning the activity of various Americans in Trade Union affairs at Manila. This has furnished an opportunity to ascertain the identity of some of these people with persons who have been known Communists in the United States in the years past. Two of those thus identified were Kenneth Goss, a member of the Merchant Marine, and Peter Mandelschn, a known member of the Seamen's Section of the Communist Party at San Francisco, California. Both of these men played an active part in the strike of the Union Obreros de Estivadores de Filipinas, which took place in the Port of Manila in February, 1946. 8 21

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PORTUGAL

Special Agent [redacted] was appointed Legal Attache to the United States Embassy in Lisbon, Portugal in August, 1943. He was later furnished with an assistant, Special Agent [redacted] Special Agent [redacted] returned to the United States in February, 1946, and Agent [redacted] remained in Lisbon as the Bureau's sole representative. At the present time Agent [redacted] is in the United States on leave and the Bureau is being represented by Acting Legal Attache [redacted]. b7C

The Bureau's representative at Lisbon enjoyed particularly active liaison with the various United States and British agencies in that city. This enabled him to secure much valuable information of interest to the Bureau. Through his contacts he was able to secure some of [redacted] b2 [redacted] which previously emanated solely form London. It will be recalled that [redacted] came from the decoding of German intelligence and diplomatic messages by the British.

With the cessation of hostilities in Europe the Bureau's representative at Lisbon was able to take advantage of the tendency on the part of German diplomats and intelligence agents who functioned in Lisbon during the war to want to cooperate with the Allies in order to "save their skins." b7C One of these diplomats was [redacted] Argentina. [redacted] furnished considerable information concerning the espionage activities of the German establishment in Buenos Aires during the war. He also gave a volume of information about Germans who had been repatriated from Argentina to Germany shortly after the close of the European War. Much of this information corroborated material already furnished the Bureau by the Legal Attache in Argentina. b7D

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Another German who cooperated with the Bureau's representative in Lisbon was [redacted] in Lisbon. He was developed as a [redacted] lisbon and he furnished him considerable information of value about the German diplomatic corps. [redacted] also was able to give some account of the German espionage system in Lisbon. [redacted] furnished the Legal Attache with a complete list of salaries paid Germans in Lisbon by the Legation. In addition, [redacted] furnished a list of Portuguese newspapermen who carried on propaganda activities for the Germans, together with the payments made to them for this service.

One of the German agents operating in Lisbon was [redacted] who had been [redacted] of the Abwehr in Lisbon. A double agent operated by the Legal Attache at Lisbon named [redacted] was able to secure considerable information of importance from [redacted] until the cessation of hostilities. However, upon the surrender of Germany, [redacted] turned himself over to the British as an informant. He was questioned by the British and the Legal Attache at Lisbon at considerable length. This interrogation supplied a great deal of information which completed the German espionage picture for the Allies in Lisbon. b7C

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In the Spring of 1945 the British secured in Portugal German microdot and cryptographic machines used by the German espionage system in that country. Arrangements were made by the Legal Attache at Lisbon to have these machines examined by a representative of the Bureau's laboratory. This examination furnished the Bureau with information about the microdot machines which it had not previously possessed. FBI

One of the more interesting cases developed at Lisbon was the Sunset Case involving Japanese espionage. Successful arrangements were made for the handling of a double agent to operate under joint FBI and OSS control. This agent was to report fictitious information to the Japanese Embassy in Lisbon. Several messages had been forwarded, but the successful conclusion of the war against Japan brought an end to this case. Nevertheless, the Bureau's representative at Lisbon was able to advise the Bureau of the departure from Portugal of Mamutaro Inoye, Counsellor of the Japanese Legation in Lisbon. Consequently, arrangements were made at Tokyo to interview this member of the Japanese diplomatic corps in Lisbon who had been involved in the Sunset Case. FBI

More recently the Bureau's Lisbon representative ascertained that Adolfo Marino, an acknowledged member of the OVRA, Italian Secret Intelligence organization, was making plans to leave Spain for Latin America. This man had been Italian Vice Consul at San Sebastian, Spain. Through personal connections with members of the Spanish Government, he has been able to secure the necessary documents for his departure from Spain. The Bureau's representatives throughout Latin America have been advised of his imminent arrival. FBI

Just as in Spain, there were a number of important Nazis living in Portugal at the end of the war. Our office in Lisbon closely followed the plans for the repatriation to Germany of these people. The Allied Governments presented lists of several hundred of these Germans to the Portuguese Government with the request that they be repatriated to Germany as soon as possible. Although the Portuguese adopted delaying tactics, the repatriation of most of these Nazis has been completed. FBI

In line with this cooperation between the Portuguese Government and the German Government in a good many matters, it is pertinent to note that the Portuguese Secret Police were of considerable assistance to the Nazis during the war. Under their auspices, German agents were permitted to travel freely through Portugal and operations against the Allies by Nazi espionage rings functioning from Portugal were facilitated by this Police Force. When the German Consulate in Lisbon was inspected by our representatives, a file was located in which were found all communications dealing with contacts between the Germans in Portugal and the Portuguese Secret Police. FBI

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EL SALVADOR

During the past year there has been considerable labor, economic and political unrest in El Salvador. Food riots occurred during the middle of 1945, which necessitated a declaration of martial law in several cities. The overthrow of the Castaneda Government appeared imminent on several occasions and on September 12, 1945, six Ministers resigned from the President's Cabinet.

The Bureau, with its limited personnel in El Salvador, has been able to effect adequate coverage of the political and economic situation in that country. This information has been made currently available to interested Government agencies for their utilization. The Bureau has been able to keep abreast of the activities of various nationality groups in El Salvador and particularly Falange activities which at one time were in full swing in El Salvador. Spain has a Minister in El Salvador but his activities have been limited, more or less, to the offering of a number of Spanish scholarships.

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b7C SPAIN X U

The Bureau has been represented in Madrid, Spain by Special Agent [redacted] who was appointed Legal Attache to the American Embassy in Madrid, Spain in April, 1944. X U

During the war Madrid, Spain was an important center of operations for the Germans in their attempts to introduce espionage agents into the Western Hemisphere. The Bureau's representative at Madrid had considerable success in developing double agents. Three of the most important cases along this line have been the Can Case, [redacted] and the Pep Case. The Can Case involved the development of [redacted] (true name, [redacted]), who made trips to the United States as a double agent. Through the development of [redacted] the Bureau acquired microdots, information concerning secret writing, information concerning the use of Spanish diplomatic personnel by the Germans, and valuable data about the German setup at Madrid itself. X U

[redacted] was solicited by the Germans to perform espionage work when they learned that he had secured a United States visa. [redacted] was developed as a double agent and he visited the United States, where he operated under Bureau control. In the Pep Case [redacted] was developed as a double agent for the purpose of coming to the United States on an espionage mission for the Japanese Minister to Spain. X U b7C

One of the achievements of the Bureau's representative at Madrid was the arrangement whereby he secured access to all information concerning transfers of capital from corporations in Spain to Latin America which had come to the attention of the American Embassy in Spain. These arrangements were made in order that the Bureau might be notified of the flight of any suspicious individuals from Europe to Latin America or to the United States during the course of the war. These arrangements included close examination of all passports, as well as thorough screening of all applicants for United States visas. The purpose of this setup was to prevent large-scale flight of important Axis officials who had not been captured in Germany immediately after the termination of the war in Europe. X U

The Bureau's representative at Madrid was able to promptly advise the Bureau of the departure of various high-ranking Axis espionage agents from Spain to Germany through the repatriation program for German nationals. Included in this group were Kurt Von Rohrscheidt, Abwehr Intelligence Chief; Joachim Canaris; General Hans Doerr, German Military Attache in Spain; Gottfried Tobeschat, Abwehr Chief in Barcelona; Gustav Lenz, former head of the Abwehr in Spain; Erwin Stubbe, important figure in the Jar espionage case; Hans Ziegra, German agent who was in Brazil and the United States before the war; Hans Von Buch, former assistant German Air Attache in Madrid, previously active in Peru; and Paul Firdmuno and Federico Furch, Abwehr agents in Spain. X U

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The Bureau's London representative was later able to secure the results of the interrogation of most of these operatives through the War Room in London. XU

In addition to advising the Bureau of the departure of these people, the Bureau's representative in Madrid was of considerable assistance to American Embassy authorities in Spain during the war in identifying and securing incriminating information on many of the German agents who operated in that country. A list of several hundred such agents was furnished to the Spanish Government by the Embassy with the demand that these individuals be interned or repatriated to Germany, where they could be questioned. Subsequently the more important agents were deported from Spain. XU

During the war many reports were received alleging collaboration between the Spanish Police and the Nazi secret organizations. The Legal Attache at Madrid located in the German Embassy copies of actual contracts entered into between Himmler's organization in Germany and the Spanish Police, calling for the closest liaison and collaboration on matters of mutual interest. This arrangement apparently continued throughout the war and resulted in Nazis in Spain receiving favored treatment from the Spanish authorities. It was also determined that the German intelligence agencies operating under diplomatic immunity in Spain had on their payroll several important Spanish secret police officials who actively worked for the Nazi espionage system. XU

The trial of two Spanish Communists, Sebastian Zapirain and Santiago Alvarez y Garcia, attracted world-wide attention. These two men were arrested by the Spanish Police. They were accused of acts against the internal security of Spain in that they held meetings in Madrid and instigated a movement to destroy the Franco Government. The case was the object of world-wide pressure by the Communist Party and the Communist press. The trial was recently held, resulting in the conviction of both men along with twelve others accused of similar offenses. The Bureau's representative at Madrid was able to attend the trial as an observer. He furnished the Bureau with his comments concerning the procedure followed at the trial, the atmosphere in which it was conducted and the nature of the charges made against the accused men. He also outlined the substance of their defense against these charges. XU

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URUGUAY XU

The Legal Attache in Montevideo has been kept fully occupied in winding up loose ends in Uruguay of the activities of the GIS in Argentina and Uruguay. The principal cases in this field have been the case of Juan Alberto Bove Trabal and Fritz Kuhn. Both these cases have now been brought to a logical conclusion but it is not expected that adequate action will be taken against them by the Uruguayan Government. However, all information possible has been obtained from both these individuals and their assistants. XU

Considerable time was devoted by members of the office of the Legal Attache to the repatriation of Graf Spee and Tacoma sailors who were interned in Uruguay at the time of the scuttling of the Graf Spee in December of 1939. The final repatriation of these individuals took place in February of 1946. Extensive work was also done in the field of the preparation of material upon which to base requests for the repatriation of dangerous Germans in Uruguay. Detailed examinations were conducted of the records of the German Bank in Montevideo as well as the records of the German Legation there. XU

Numerous allegations were received by the Legal Attache throughout the period concerning the arrival in Uruguay of dangerous German technicians and Axis funds. All allegations were investigated with negative results. XU

The political situation of generally stable Uruguay has been somewhat precarious. She is under a constant squeeze by Argentina to adopt a policy of friendliness toward totalitarianism in the Argentine Republic. Essential foods and drugs, available in Argentina, have been denied to Uruguay by Argentina because of constant and outspoken criticism of the Argentine regime. XU

As was anticipated, the election of President Peron in Argentina brought considerable woe to Uruguay. The Argentine election may be regarded as a strengthening of the position of the ultra-nationalistic Herrera Party in Uruguay. XU

Elections are scheduled for November in Uruguay and the position of the Coalition Party now in power is not regarded as strong. XU

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VENEZUELA XU

"Apfel" German Espionage Organization XU

This organization which was headed by Albert Von Appen in South America had active agents in Chile, Brasil, Argentina, Peru, Columbia, and Venezuela. Ten sabotage subjects, who were members of the Apfel organization in Venezuela, confessed relative to their participation in this activity. In the course of an extensive and thorough investigation conducted through Venezuelan police agencies who cooperated with Bureau liaison agents in Venezuela, the subjects were interned in the town of Rubia, Venezuela, and no legal action was taken against them. Inasmuch as there are no Venezuelan statutes covering the illegal activities of these individuals, they were relegated to Rubio as a result of a decree of the President who ordered their internment. The failure of the Venezuelan Government to act decisively in this matter caused widespread comment and the British and American Governments expressed concern regarding this matter. XU

Political Situation

The Venezuelan political situation is of great importance due to the trend of increasing Communist strength in Venezuela, the proximity of Venezuela to the Panama Canal Zone, and the large United States investments in oil and petroleum projects in that country. XU

The present government of Venezuela is headed by Romulo Betancourt, who as President of the Revolutionary Junta apparently has been able to maintain stability. The immediate recognition of the new Venezuelan Government by the United States was an important factor in maintaining the government. XU

On November 29, 1945, various Venezuelan politicians including General Lopez Contreras and Isaias Medina were deported to the United States. Rumors of counter-revolutionary activity on the part of these persons were current. However, investigation in the United States failed to substantiate the allegations that Medina and Lopez Contreras were planning to resume control of the Venezuelan Government. XU

The rapid changes in Venezuelan Government affairs and policies have been closely followed by the Bureau's representative and reported to the various interested United States governmental agencies. Political coverage in Venezuela achieved by the Office of the Legal Attache has indirectly been of assistance in maintaining pleasant and efficient relations in that country. XU

Matters regarding United States oil interests have been covered through the numerous office contacts with American oil men. XU

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ARMY LIAISON UNITS

The Bureau, utilizing a liaison relationship ~~[illegible]~~ with the Army, established offices in Germany, France, Italy and Austria. These units functioned in these capacities until their recall in October, 1945, as a result of General Gibert's recommendation. XU

Germany XU

Bureau agents attached to the Berlin office have interrogated Hermann Goering, Walter Schellenberg, Major Friedrich Busch, Captain Wilhelm Ahlrichs and many of the more important German Ambassadors to the United States and Latin American countries. From these individuals have been secured some interesting observations on Nazi opinion of the FBI and German espionage efforts against the United States. A review of the interrogation reports of these individuals as well as countless documents located at Abwehr espionage headquarters permits the conclusion that every Nazi espionage agent of any importance who came to the Western Hemisphere and attempted to operate here was detected by the Bureau or by Latin American police with whom we cooperated. Hermann Goering complained that the FBI was too observant in detecting invading spies and as a result the Nazis never were able to develop a spy network in the United States. He remarked, however, that the best source of information from the United States was newspapers, magazines and radio speeches. He stated that the gravest mistake in American security was the printing of information and radio comments which were broadcast openly. XU b7C

Major Friedrich Busch, head of the American division of the Abwehr specializing in espionage and air matters, told of his suspicion that [redacted] in the Duquesne case was controlled by the FBI while broadcasting messages from Duquesne and his group. He said, however, that when he attempted to get that point across to his superiors and to German technicians he was brushed aside. His argument was that the United States had radio detection finders which would preclude [redacted] chances of broadcasting undetected for any length of time but the official German attitude was that since Germany had failed to develop any such technique in radio location, it was impossible for other countries to have made such advances. Busch claimed that the arrest of the Duquesne gang in New York caused such a furor in Germany that Foreign Minister Von Ribbentrop went to Admiral Canaris, head of the Abwehr and told him that if the United States declared war upon Germany as a result of this incident he, Canaris, would be held personally responsible. XU

Kapitanleutnant Wilhelm Ahlrichs, of the German Navy, was assigned to the mission of taking the eight Nazi saboteurs from Germany to France and embarking them secretly on U Boats bound for the United States. He told Bureau agents that when he met these men in Germany he soon concluded that XU

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their mission would not succeed. He described them as interested only in getting to the United States with the huge sums of money entrusted to them and in having a good time. He said they argued among themselves and in fact one of them, Dasch, threatened to turn Berger into the FBI when he got to this country. Dasch was extremely indiscreet in France and in fact when arrested by German police while awaiting departure because he did not have proper identity cards, he blurted out the whole story of his mission. Ahlrichs added that when the news of the arrest of the saboteurs got back to Germany, Admiral Doenitz, in charge of all German U-Boats, withdrew permission for the German intelligence agencies to send any additional agents by U-Boat. This prohibition was removed by Doenitz seven months later. Ahlrichs claimed that he warned the saboteurs about the FBI. ~~S~~ U

Walter Schellenberg, head of Section 6 of the RSHA, the organisation which took over the handling of espionage of the Abwehr in 1944, told of the suspicions that information sent over short-wave radio from the United States by Nazi agents, who were in fact controlled by the FBI, was in fact coming from men who had been "doubled." He said that the trouble was that these agents were handled by competing intelligence groups in Germany who believe that their men had gone sour and who continued to forward radioed messages to interested agents in order to keep themselves in favor with the authorities. ~~S~~ U

b7C

Hans Karl Albrecht Blum was arrested at Hamburg, Germany, having been located there by Special Agent [redacted] Blum was an Abwehr man who recruited and sent to the United States several well known Nazi agents including Ernst Friedrich Lehmits and Wilhelm Albrecht Von Rautter. Blum claims that he did not knowthat Lehmits had been arrested and convicted of espionage nor did he know that Von Rautter had met a similar fate. Our agents in Germany closely followed the spread of Russian influence in all of the occupied territories and have found definite evidence that Russian intelligence was operating in the American occupied zone in Germany in an effort to discredit the United States regime and to set up Communist dominated local governments. ~~S~~ U

Nest Bremen was a large German espionage headquarters functioning in Bremen. It was of particular importance to the Bureau because most of the agents dispatched by the Nazis against the Western Hemisphere were trained and sent out from that Nest. United States naval authorities located the complete records of this Nest hidden in a salt mine near Bremen. Special Agent [redacted], who was attached to the Army's liaison unit in Germany was in Bremen at the time of this discovery and prior to his recall had an opportunity to examine these records. He noted complete dossiers on numerous Nazis whose names he recognized and in addition files on several others who apparently had been trained to operate in the United States but whose names were unfamiliar to him. He made arrangements with the naval authorities there to ~~S~~ U

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have copies of these records forwarded to the Bureau through naval intelligence in Washington. These records were assembled and reviewed. From them there was uncovered evidence which can be used in the prosecution of at least one agent. Of particular interest to the Bureau there was found in these records copies of reports prepared by the Bureau for Double Agents for transmission to Germany. It is obvious that these reports were taken at face value by the Germans. ~~X~~ U

France ~~X~~ U

The Bureau's liaison unit attached to Army intelligence in Paris devoted its efforts almost exclusively to the following of Communist activities in France. Several excellent informants had been developed and the Bureau secured a very complete coverage on the Communist efforts to take over the French government. These Communist informants were likewise in a position to furnish excellent information about Russian Communist activities throughout the so-called Russian sphere of influence in the smaller countries of Western Europe. Definite evidence had been uncovered which indicated that the Moscow-directed French Communists desired to seize or control the French government after the October elections. ~~X~~ U

The Paris office conducted a complete investigation into the background of the two principal figures in the Cocase, [redacted] and [redacted] lived in Paris for many years and through interrogation of friends and acquaintances as well as examination of police records it was determined that [redacted] as the Bureau had understood, did not collaborate with the Germans during the occupation of France except on the surface. In fact he was able to slow down the workings of the factories with which he was connected to such a degree that at one time the Germans threatened to have him executed. As far as [redacted] was concerned his collaboration with the Germans was confirmed. ~~X~~ U b7C

Italy ~~X~~ U

Our liaison agents in Italy had extensively investigated the Ezra Pound case and was brought to a conclusion when Pound was brought to the United States by Army authorities at the request of the Department of Justice with a view to re-indicting him for treason. Seven Italian witnesses developed by our Agents in Italy were likewise brought to the United States to testify before the Grand Jury. However, Pound was examined at the request of the court in Washington and he was declared to be insane. ~~X~~ U

An excellent informant had been developed by our liaison agents in Italy. This informant furnished considerable information of value on the extremely touchy Yugoslav political situation and the conflicting claims between Yugoslavia and Italy on the port of Trieste and the province of Venezia Giulia. This informant also revealed that Marshal Tito of Yugoslavia was conducting a Soviet-inspired reign of terror in that country. ~~X~~ U

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Austria (U)

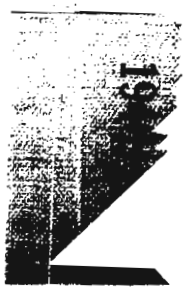
On July 18, 1945, Special Agents [redacted] departed from the United States to establish an office in Vienna, Austria. One of the Agents reached Vienna and set up an office there and the other Agent remained in Salzburg. These two Agents also remained in Austria until their recall at the recommendation of General Sibert in October of 1945. Special Agent [redacted], in Austria, was instrumental in identifying Dr. Ignatz Theodor Griehl, a German espionage agent who he recalled had been connected with the Johanna Hoffmann espionage case in New York City in 1938. Griehl was intensively interrogated on his activities prior to his departure from the United States and his subsequent work in Germany during the war. (U)

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ANNUAL REPORT
SPECIAL INTELLIGENCE SERVICE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
1946--1947

DECLASSIFIED BY 60309 AUC TAM/LMT/CLD
ON 7-7-05

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TABLE OF CONTENTS

		Page
I.	SIS OPERATIONS AT THE SEAT OF GOVERNMENT *	1
	A. Changes in Administration	1
	B. SIS Finances	2
	C. Assumption of Jurisdiction by CIC	3
II.	SIS OPERATIONS IN THE FIELD	7
	A. Administrative Changes	7
	B. FBI Legal Attaches	8
	C. SIS Employees in the Field	9
	D. Police Liaison	10
	E. Security Surveys	13
III.	COMMUNICATIONS	14
IV.	COVERS AND COVER COMPANIES	15
V.	SIS STATISTICS	16
VI.	ACCOMPLISHMENTS BY COUNTRIES	21
	Argentina	21
	Bolivia	23
	Brazil	24
	Canada	27
	Chile	27
	Colombia	28
	Costa Rica	30
	Cuba	31
	Dominican Republic	32
	Ecuador	33
	El Salvador	34
	England	34
	France	35
	Haiti	36
	Honduras	37
	Italy	37
	Japan	37
	Mexico	38
	Nicaragua	40
	Panama	41
	Paraguay	41
	Peru	42
	Portugal	43
	Spain	43
	Uruguay	43
	Venezuela	45

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I. SIS OPERATIONS AT SEAT OF GOVERNMENT.

A. Changes in Administration.

On April 30, 1947, the SIS Section of Division 5 at the Seat of Government was closed. This was done as a result of our withdrawal of personnel from Latin America and the turning over of [redacted] (S) b1
Our last SIS office, that in Port au Prince, Haiti had been closed on April 28, 1947. S

We established Police Liaison Offices in three Latin American Countries at the time we turned over our [redacted] (S) b1 in these countries. These are located in Rio de Janeiro, Brazil (established January 20, 1947); Mexico City, Mexico (established April 8, 1947); and Havana, Cuba (established April 14, 1947). We have continued to maintain our European SIS Offices in London, England, Madrid, Spain and Paris, France. Our Liaison Office at Royal Canadian Mounted Police Headquarters, Ottawa, Ontario, Canada is still functioning. S

Supervision of these seven offices, continues in Division 5 having been transferred to the newly established Foreign Service Desk in the Liaison Section. S U

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B. SIS Finances

For SIS operations during the fiscal year 1947, the amount of $5,000,000 from the total Bureau appropriations was allocated.

As of June 30, 1947, the sum of $2,010,913.73 had been expended as follows:

Total Appropriation for 1947 $5,000,000

Expenditures as of June 30, 1947

Expenses	$ 322,782.10
General Expenses	5,114.68
Salary	1,206,487.06
Informants	245,497.84
*Property	16,891.19
Living and Quarters	247,682.39
Entertainment	41.45
Total	$2,010,913.73

*Expended for Property	$ 893.33
Realized from Sale of Property	$ 17,784.52
	$ 16,891.19 cr.

The following Table shows the funds available and the amounts expended for SIS Operations from the beginning of the 1941 fiscal year through June 30, 1947:

Fiscal Year			Funds Available	Total Expenditure
1941 - 1942			$ 900,000	$ 900,000
1943			2,900,000	2,900,000
1944			5,450,000	3,525,000
1945	Carried fwd from '44 -	$1,925,000		
	Addl. approp.	1,175,000	3,100,000	2,925,000
1946	Carried fwd from '45 -	$ 175,000		
	Addl. approp.	2,771,357	2,946,357	2,946,357
			3,000,000	
1947	Expenditures to June 30, 1947			2,010,913.73
			TOTAL	$15,207,270.73

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c. Assumption of Jurisdiction by CIG

By way of background it will be recalled that by Presidential Directive of January 22, 1946, there was created a National Intelligence Authority composed of the Secretaries of State, War, Navy and President's personal representative, who would "from time to time assign persons and facilities from your respective Departments, which persons shall collectively form a Central Intelligence Group..." (U)

The Directive as issued by the President appeared to contemplate the Central Intelligence Group being a coordinating agency for the already existing departmental intelligence agencies. It was given the power to correlate and evaluate intelligence and make appropriate dissemination, it being specifically stated that in accomplishing this full use was to be made of the staff and facilities of the State, War, and Navy Departments, the Directive, of course, applying to only these three agencies. The Central Intelligence Group, subject to the direction of the National Intelligence Authority, was also to plan the coordination of operations of the intelligence agencies of the departments and to recommend the establishment of overall NIA policies and objectives. The CIG was also empowered to perform for the benefit of intelligence agencies such services of common concern as the National Intelligence Authority considered could be more efficiently accomplished centrally. (U)

Admiral Sidney W. Souers was named the first Director of the Central Intelligence Group on January 22, 1946. The Director of the Bureau was named a member of the Advisory Committee of the Central Intelligence Group, as a result of which a number of matters have been referred to the Director for his comments prior to the time they were put in force by the National Intelligence Authority and the Central Intelligence Group. Also the Bureau was invited to designate a representative on the Central Planning Staff of the CIG, and Assistant Director D. M. Ladd and Inspector Crawford H. Carson were designated as Bureau representatives on this Planning Group. This was confirmed by letter from the Secretary of the CIG dated April 12, 1946. (S) (U)

The Central Intelligence Group in May of 1946 started the drafting of interim recommendations for the handling of world-wide intelligence work. There had previously been issued a directive by the CIG instructing that the Strategic Services Unit in the War Department be liquidated. The Planning Group recommended a directive which in essence would state that the Federal Bureau of Investigation would expand its facilities to include clandestine intelligence operations throughout the world. It was proposed that the X2 or Counterintelligence Branch of SSU be transferred to the Bureau, such transfer to be effected gradually. The SI Branch or Positive Intelligence Branch of SSU was to be completely liquidated. This proposed directive was submitted to Director Hoover for his comments and approval as a member of the Advisory Board before being submitted to the National Intelligence Authority for its final approval and the issuance of the directive. (S) (U)

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The matter of the Bureau expanding to include world-wide intelligence was referred to the Attorney General, the view of the Director being set forth that we should not take on world-wide intelligence but should handle only the Western Hemisphere for the time being. The Attorney General stated that he desired to discuss this matter with the President. (X) (U)

On May 15, 1946, the Attorney General advised Mr. E. A. Tamm that he had talked to the President, and the President advised that after talking to Admiral Leahy he wanted the Department of Justice "to string along with him" until he got his new man in charge of the intelligence setup and finds out what the new man wants to do. The President also stated that he would like to see the Department of Justice operate in the Mexican and South American intelligence service. The Attorney General advised the President that the FBI was doing this, had funds, and would continue it until July 1, 1947. The Attorney General further stated that he was going to take the position that the FBI would continue to operate its Special Intelligence Service in Central and South America until July 1, 1947, or until some other agency was ready to take over. The Director stated after receiving this information that the Bureau would take the position that we will continue to cover the Western Hemisphere, but not expand into any other part of the world. (X) (U)

On May 29, 1946, Assistant Director D. M. Ladd advised Colonel Cunningham of the National Intelligence Authority that the Attorney General had stated the FBI should continue its work in the Western Hemisphere for one year only, that is through June of 1947, and should not expand to world-wide coverage. (X) (U)

The CIG made its first major change in operational policies when the NIA issued Directive Number 5 on July 8, 1946, stating that the CIG was directed to perform the following services: "Conduct of all organized federal espionage and counterespionage operations outside the United States and its possessions for the collection of foreign intelligence information required for the national security." (X) (U)

By letter dated July 3, 1946, General Hoyt S. Vandenberg, the Director of CIG, was advised that in view of the fact that that organization was setting up a foreign intelligence agency for the United States on a world-wide basis, it was assumed that they would be prepared at an early date to take over the responsibilities formerly entrusted to the Bureau in Latin America, and that, therefore, it was desired that the two organizations immediately work out a program for the transfer of secret intelligence responsibilities in Central and South America. As a result, on July 18, 1946, a conference was held between officials of CIG and officials of the Bureau in the office of Mr. E. A. Tamm. During this conference, CIG inquired as to whether any Bureau personnel would be available for assignment to CIG. It was pointed out at that time that the Director could not spare any of our personnel for such an assignment. The question was also asked whether the Bureau would transfer any stenographic or clerical employees to CIG. The CIG representatives were advised that our clerical employees were all regularly Domestic employees with years of experience whose services would be essential to the Bureau in the Domestic Field. (X) (U)

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By letter dated July 15, 1946, the Bureau advised CIG that thirty days from that date, we intended to withdraw our personnel from the [redacted] and [redacted] because it was felt that due to the return to peacetime normalcy there was very little of importance to cover in these countries and accordingly the expenditure necessary to maintain these offices was no longer warranted. b1

[redacted]

By letter dated July 24, 1946, to General Vandenberg, the Bureau informed him that our plans to close these Offices had already advanced to such a stage that it was not practical or possible for us to continue their operation beyond August 16, 1946. The SIG Offices in those countries were, in fact, closed on that date. b1

[redacted]

was on hand in San Jose, Costa Rica to take over our [redacted]

furnish [redacted] transfer [redacted] request and advised we [redacted] b1

The Bureau took the position that it was impractical to continue operation in Latin America for a considerable length of time when our personnel were aware of the fact that we were definitely to be replaced in the future, it being inevitable that our efficiency and our coverage would b1

suffer under such circumstances. Accordingly, we asked CIG [redacted]

[redacted]

[redacted] b1

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[redacted] b1

[redacted] S

All of our offices actually were closed in accordance with the above schedule.

[redacted] b1

We have retained Police Liaison representatives in the Embassies in Rio de Janeiro, Brazil, Mexico City, D. F. and Havana, Cuba. In addition, we are continuing to maintain liaison men in the American Embassies in Madrid, Spain, Paris, France, and London, England. Our liaison representative in Canada, attached to the Royal Canadian Mounted Police in Ottawa is likewise being retained. S

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II. SIS OPERATIONS IN THE FIELD.

A. Administrative Changes

Latin America (U)

On July 31, 1946, the Bureau's Liaison Office in Panama was closed after protracted negotiations with the Army Authorities there. The latter refused to agree to our representative in Panama exercising the same jurisdiction as did Legal Attaches in other Latin American countries, and it was felt by the Bureau that maintaining a man in Panama under the restrictions which the Army desired to impose was a useless expenditure. At first there was some protest from the State Department at our action in closing our Office in Panama, but when the Army's position was made known to the State Department, this protest was withdrawn. (U) b1

By letter dated July 15, 1946, the Bureau advised [illegible] that thirty days from that date, we intended to withdraw our personnel from the [redacted] (S) and [redacted] (S) because it was felt that due to the return to peace-time normalcy there was very little of importance to cover in these countries and accordingly the expenditure necessary to maintain these Offices was no longer warranted. b1

[redacted] (S)

By letter dated July 24, 1946, to General Vandenberg, the Bureau informed him that our plans to close these Offices had already advanced to such a stage that it was not practical or possible for us to continue their operation beyond August 16, 1946. b1

[redacted] (S)

[redacted] (S)

[redacted] (S) b1

All of our offices actually were closed in accordance with that schedule.

[redacted] (S)

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b1

[redacted] We have retained Police Liaison representatives in the Embassies in Rio de Janeiro, Brazil, Mexico City, D. F. and Havana, Cuba. In addition, we are continuing to maintain liaison men in the American Embassies in Madrid, Spain; Paris, France; and London, England. Our liaison representative in Canada, attached to the Royal Canadian Mounted Police in Ottawa is likewise being retained.

Europe

On September 13, 1946, and September 15, 1946, respectively the Bureau's Liaison Offices in the Embassies in Lisbon, Portugal and Rome, Italy were closed. This action was taken because of the lessening importance of these posts consequent upon the changing emphasis of the Bureau's interests. We have continued to maintain our representatives in London, England, Madrid, Spain and Paris, France. We have one Agent assigned as an Attache to the American Embassy in each of these cities.

Far East

In view of the decision by the Bureau not to continue in Foreign Intelligence work it was decided to close our office in Tokyo, Japan. Our representatives were withdrawn from Tokyo on August 30, 1946.

Special Continental Assignment

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On February 26, 1947, Special Agent [redacted] left on special assignment as security officer with the State Department to assist at the Conference of Foreign Ministers at Moscow. This assignment was undertaken at the specific request of Secretary of State George Marshall. [redacted] completed this assignment and returned to the Bureau on April 23, 1947.

B. FBI Legal Attaches

As of June 30, 1947, the Bureau has Legal Attaches assigned as follows:

Rio de Janeiro, Brazil
* Ottawa, Canada
Havana, Cuba
London, England
** Paris, France
Mexico City, Mexico
Madrid, Spain

* Representative carries title of Liaison Officer.
** Representative carries title of Attache.

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C. ASB Employees in the Field

Fiscal year 1947

	Start 7/1/46	End 6/30/47	Increase
Countries to which assigned	27	7	20
Cities to which assigned	33	7	26
Personnel Assigned			
Naval Attaches	22	7	15
Special Agents	109	4	105
Special Employees	23	0	23
Clerical Employees	98	9	84
Radio Employees	23	0	23
Total	275	20	250

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D. SIS Police Liaison

COLOMBIA (S) (U)

On November 5, 1946, at a ceremony held at the Police School in Bogota, Colombia, General Carlos Vanegas M., Director General of the Colombian National Police, conferred on Police Liaison Agent [redacted] the "National Police Medal". General Vanegas expressed personally to Agent [redacted] in the presence of the gathering, his pleasure in being able to confer the medal and expressed again his appreciation for the services which have been rendered to the Colombian National Police by Agent [redacted] and former Police Liaison Agents. Ambassador John C. Wiley stated to the Legal Attache that he was highly gratified and pleased to know that the Columbian National Police had recognized in this manner the assistance given them by Agent [redacted] (S) (U) b7C

GUATEMALA (S) (U) b7C

During July and August of 1946, Police Liaison Agent [redacted] conducted a short course of training for four agents of the Guatemalan Judicial Police and ten agents from the Guardia Civil in the use of camera and photostat equipment. Colonel Victor M. Sandoval, Director General of the Guardia Civil, had requested that Agent [redacted] give the school in order that the Guatemalan Police would have personnel familiar with the use of cameras and photostat equipment. Sandoval was very grateful for the efforts of Agent [redacted] in conducting the school. (S) (U)

MEXICO (S) (U) b7C

On June 2, 1947, there was inaugurated in Mexico City a large police school for the following four Mexican Police Departments: Judicial Police of the Republic; Judicial Police of the Federal District (embracing Mexico City); Direccion de Seguridad (Mexican Bureau of Security), the new police organization established by President Aleman; and the Mexican Secret Service. This school is being conducted by two experienced Bureau Police Liaison Agents. Upwards of 200 police officers are attending this school. The school was initiated by Colonel Marcelino Inurreta, the head of the new Direccion de Seguridad, and the Mexican Assistant Attorney General, Angel Gonzalez de la Vega, who advised that the Mexican President, Miguel Aleman, shortly after he took office instructed them to make every effort to improve the caliber of Mexican police. It is understood that not only officers of the four above-mentioned Departments but, in addition, officers from Police Departments throughout Mexico are attending this school, which so far has resulted in very favorable comment from Mexican officials. Present plans call for the school to run approximately six months. (S) (U)

PANAMA (S) (U)

Police Liaison Agent [redacted] left Panama in August, 1948, when the office of the Legal Attache in the Embassy was closed. A number of letters were received from the Head of the Panamanian Secret

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Police, the Minister of Government and Ambassador Frank T. Hines praising Agent [redacted] highly for the work which he had done with the Panamanian Police. He had been in Panama since August, 1945, and had conducted schools in Panama City and in Colon. b7C

PARAGUAY

[redacted] b1

PERU

At the request of Ambassador William D. Pawley, Special Agents [redacted] were sent to Lima, Peru during April, 1946, to offer courses of training to the personnel of the Division of Investigation of the Peruvian National Police. These Agents remained in Peru until our SIS Office was closed on March 7, 1947. During the course of their assignment they conducted schools for the Department Chiefs, a school for the sub-officials and a course in defensive tactics for a selected group of men from the Division of Investigation. At the request of the Peruvian Army they also gave a series of five conferences for members of the Intelligence Division of the Army. They also laid out a "Practical Pistol Course" and furnished a short course of instruction to a group of ten members of the Division of Investigation. b7C

[redacted] received much favorable publicity in the Peruvian newspapers and in the police magazines. Full credit was given to the Director and the Bureau for having sent them to Peru. Dr. Horacio Cespedes, Head of the Division of Investigations, wrote a personal letter to the Director, advising of the satisfactory manner in which the Agents had served in Peru and expressing his personal appreciation to the Direction for having made their services available. b7C

NETHERLANDS, WEST INDIES

During the latter part of September, 1946, the Police of Willemstad, Curacao, N.W.I., made it possible for the Bureau to apprehend Antonio Navarro Fernandez, International swindler. Navarro was in Curacao when the police there were advised that the Bureau desired to apprehend him. The police arranged to have him deported and placed him on a plane for Miami, Florida where he was taken into custody. Mr. M. P. Corsira, Inspector of Police at Willemstad, was primarily responsible for this action. A letter of appreciation was sent to him and an invitation was extended to him to attend a future session of the FBI National Academy. This invitation was accepted and Mr. Corsira attended the Academy session which began on January 7, 1947.

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BRAZIL

When preparations were being made to close the SIS Office in Rio de Janeiro, Brazil, Officials of the Embassy and Heads of the various Police Department in Rio de Janeiro requested that an Agent be left there to serve in a liaison capacity with the Brazilian Police. The Bureau complied with these requests and Agent [redacted] remained in Rio de Janeiro. b7C

Similar arrangements were made for two Agents to remain in Mexico City and one Agent in Havana, Cuba to act solely as Police Liaison representatives handling criminal matters in which the Bureau has an interest.

A review of the Bureau's Police Liaison Program reflects that 32 Agents were used in liaison capacities with the Police of 10 different Latin American countries. It is felt that the work of these Agents during the past six years contributed materially to the success of the SIS Program as a whole. Through their personal contacts with Latin American Police Officials the Liaison Agents greatly enhanced the prestige of the FBI and at the same time, because of their relations with the Police, they developed information of great value to the various Embassies and the Bureau. The many courses of instruction given by our Agents have done much to improve police organizations in Latin America and to promote closer international police cooperation.

THE INTERNATIONAL CRIMINAL POLICE COMMISSION

In June, 1946, the Bureau became a member of the International Criminal Police Commission. The Director was elected a Vice-President at the Annual General Conference of the Commission held in Brussels, Belgium, at that time. The ICPC is a European Police Organization made up of police departments of most of the European nations. It was originally founded in 1914 and increased in importance until shortly prior to World War II. As a matter of fact, the Bureau gave serious consideration to joining the organization in 1937. An Inspector of the Bureau attended an Annual Conference in that year. Thereafter, a request was made of Congress to include in the Bureau's budget, $1,500.00 annually for dues. This budget item was authorized and this amount has been included in the Bureau's budget annually since that time; however, because of the political situation in Europe in 1938, it was decided by the Bureau not to join the ICPC. The organization was reactivated in June, 1946. The President is Fernand Louwage, an experienced Belgian police official.

b7C

Special Agent [redacted] the Bureau's representative in Paris represented the Director at the Annual General Conference in Paris in June, 1947.

The Bureau has agreed to act as a "clearing house" in the United States for inquiries made by member departments of the ICPC.

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which ordinarily would be directed to various police departments within the United States. Therefore, these inquiries are directed to the Bureau which in turn forwards them to the appropriate police departments. As a practical matter, if the inquiry desired calls for a single interview, or very little investigation, the Bureau handles these inquiries through its field offices rather than referring them to police departments. We are handling an increasingly large number of communications from ICIS members each month. ~~S~~ U

B. Security Surveys

At the request of the State Department a general and complete security survey of the facilities and procedures of the American Embassy in Buenos Aires, Argentina was begun on May 15, 1946. This survey was completed on July 16, 1946, and the findings and recommendations were thereafter discussed with the Ambassador in Argentina, Mr. George Messersmith. Mr. Messersmith was very favorably impressed with the survey and issued instructions to the appropriate Embassy officials to put our recommendations into effect immediately. The State Department in Washington was also furnished a copy of our report setting forth the findings and recommendations. ~~S~~ U

On February 26, 1947, at the specific request of Secretary of State George Marshall, an Agent of the Bureau was dispatched to Moscow, Russia to assist in the capacity of security officer at the Conference of Foreign Ministers in Moscow. This Agent returned to the Bureau after completing his assignment on April 28, 1947. A report of his findings was immediately prepared and furnished to Mr. Marshall. The Secretary later expressed his sincere appreciation for this assistance. ~~S~~ U

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III. COMMUNICATIONS

In view of our withdrawal from Latin America and the winding up of our SIS program there, all of our radio stations were closed down and our radio operators were recalled to the Bureau prior to April 30, 1947. [redacted] b1

[redacted]

Since we still maintain three Police Liaison Offices in Latin America, namely, those in Havana, Cuba; Rio de Janeiro, Brazil; and Mexico City, Mexico, it was necessary in the case of the first two offices to make arrangements with the State Department so that we could use State Department facilities in communicating with these offices by cable. We have always had the privilege of using State Department facilities in communicating with our office in Mexico City. These arrangements were completed with the State Department and we now communicate with all of our Police Liaison Offices by cable. 8 U

The Bureau mail between the Bureau and Police Liaison Offices in Latin America and our European Liaison Offices continues to be transmitted by means of the diplomatic air pouch and diplomatic air courier pouch. [redacted] 8 U

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IV. COVERS AND COVER COMPANIES

In June, 1946, in view of the uncertainty of the future in so far as the Bureau's SIS program was concerned, the Director issued instructions that no more undercover personnel were to be sent out of the country by the Bureau. [redacted] b1 This withdrawal was accomplished and at the present time we have no undercover personnel operating outside the United States. All of our Agents assigned to our Police Liaison Offices abroad are attached to the American Embassies in an open capacity.

Appropriate letters of appreciation were dispatched to all [redacted] in the United States through whose cooperation we were able to maintain undercover Agents in Latin America.

b7D

V. SIS STATISTICS

Table 1 - Persons Identified, Apprehended, Prosecuted, etc.

	Fiscal Years 1941 - 1946	Fiscal Year 1947	Total July 1, 1940 through June 30, 1947
Espionage Agents			
Identified	879	9	888
Apprehended	582	7	589
Prosecuted	105 convictions	-	105 convictions
	1,340 yrs., 6 mos. sentence		1,340 yrs., 6 mos. sentence
	1 death sentence		1 death sentence
	1 interned		1 interned
Propaganda Agents			
Identified	281	-	281
Apprehended	60	-	60
Prosecuted	1 conviction	-	1 conviction
	1 yr. sentence		1 yr. sentence
	1 interned		1 interned
Sabotage Agents			
Identified	30	-	30
Apprehended	20	-	20
Prosecuted	-	-	-
Smugglers of Strategic War Material			
Identified	222	-	222
Apprehended	75	-	75
Prosecuted	11 convictions	-	11 convictions
	2 yrs. sentence		2 yrs. sentence
	1 indefinite sentence		1 indefinite sentence
	2 interned		2 interned
	$10,404 fines		$10,404 fines
Other Foreign Agents			
Identified	93	4	97
Apprehended	83	-	83
Prosecuted	1 conviction	-	1 conviction
	2 yrs. sentence		2 yrs. sentence

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Apprehensions, Convictions, Sentences, of Other Persons Under Laws of Local Country	91 apprehensions 35 convictions 30 yrs., 1 mo. sentence 1 interned $700 fine	-	91 apprehensions 35 convictions 30 yrs., 1 mo. sentence 1 interned $700 fine
Aliens Moved from Strategic Areas ..	7,064	-	7,064
Aliens Interned or Relegated Locally	2,172	-	2,172
Aliens Deported or Expelled	5,811	82	5,893
Natives Interned or Relegated Locally	80	-	80
United States Fugitives Located	157	138	295
Firms or Persons Placed on List of Blocked Nationals	1,645	-	1,645
Investigations Conducted at the Request of the U. S. Government Agencies ...	1,584	221	1,805
Investigations Conducted for other than U. S. Government Agencies	20	-	20

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July 7, 1947

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SIS STATISTICS

Table 2 - Radio Stations Located and Radio Equipment Confiscated

	Fiscal Years 1941 - 1946		Fiscal Year 1947		TOTAL July 1, 1940 through June 30, 1947	
	Number	Value	Number	Value	Number	Value
Clandestine Radio Stations Located ...	24	-	-	-	24	
Clandestine Radio Transmitters and Related Equipment..	30 transmitters	$7,155(1)	-	-	30 transmitters	$7,155(1)
	12 radio tubes	$200	-	-	12 radio tubes	$200
Clandestine Radio Receiving Sets Confiscated .	18	$2,818	-	-	18	$2,818

(1) Does not include value of one transmitter recovered during the 1945 fiscal year.

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SIS STATISTICS

Table 3 - Other Material Recovered or Confiscated

	Fiscal Years 1941 - 1946 Quantity	Value	Fiscal Year 1947 Quantity	Value	TOTAL July 1, 1940 through June 30, 1947 Quantity	Value
Currency	-	$280,154	-	$ 5,000	-	$285,154
Precious Stones	(1)	4,588	-	-	(1)	4,588
Diamonds	18	32,600	-	-	18	32,600
Platinum and Industrial Diamonds	(1)	84,466	-	-	(1)	84,466
Platinum	119.8 lbs.	206,031	-	-	119.8 lbs.	206,031
Silver	220 lbs.	2,300	-	-	220 lbs.	2,300
Mercury	(1)	347,000	-	-	(1)	347,000
Metal Drills	92.4 lbs	5,000	-	-	92.4 lbs.	5,000
Copper Transmission Wire	1	100	-	-	1	100
Welding Rod Wire	1	20	-	-	1	20
Radio Tubes	258	230	-	-	258	230
Pistol	2	150	-	-	2	150
Gas Gun	1	25	-	-	1	25
Auto Wheels, Tires and Accessories	4	200	-	-	4	200
Tires	53	3,767	10	750	63	4,517
Inner Tubes	4	30	3	40	7	70
Sparkplugs	-	-	1,000	810	1,000	810
Rubber Raft with Oars, Life Jacket and Trench Shovel	1	(1)	-	-	1	(1)
Rubber	51,959 lbs.	27,888	193 lbs.	71	52,147 lbs.	27,959
Tarpaulins	5	1,000	-	-	5	1,000
Sacks	3897	448	-	-	897	448
Diplomatic Codes	1	(1)	-	-	1	(1)
Code Books	3	(1)	-	-	3	(1)
Pages of Code	241	(1)	-	-	241	(1)
Cotton Balls for Secret Ink	6	(1)	-	-	6	(1)
Paper Clips for Secret Ink	8	(1)	-	-	8	(1)
Microfilms of Code, Instructions, Blueprints, etc.	9	(1)	-	-	9	(1)
Miscellaneous Microphotos	30	(1)	-	-	30	(1)
Films and Film Negatives	3,177	(1)	50	120	3,227	120 (3)
Cameras and Photographic equipment	46	10,200	-	-	46	10,200
Propaganda Books and Magazines	87	50	-	-	87	50

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Books	45	80	-	-	45	80
Pharmaceutical Seeds .	(1)	100,000	-	-	(1)	100,000
Uretropina (a drug) ..	110 lbs.	150	-	-	110 lbs.	150
Insulin	2.2 lbs.	1,800	-	-	2.2 lbs.	1,800
Aspirin	246.4 lbs.	215	-	-	246.4 lbs.	215
Sulfathiazole	249.7 lbs.	1,800	-	-	249.7 lbs.	1,800
Sodium Salicilate	121 lbs.	140	-	-	121 lbs.	140
Nicotinic Acid	98.6 lbs.	1,500	-	-	98.6 lbs.	1,800
Methane	-	-	18 boxes	474	18 boxes	474
Acetylene	-	-	136.7 lbs.	140	136.7 lbs.	140
Shellac	25,000 lbs.	12,500	-	-	25,000 lbs.	12,500
Tagua Buttons	6 sacks (2)	3,092	-	-	6 sacks	3,092
Bonds	-	3,000	-	-	-	3,000
Passport	-	-	1	(1)	1	(1)
Phoenix Safe	1	100	-	-	1	100
Automobiles	-	-	15	34,800	15	34,800
Motorcycle	1	575	-	-	1	575
Typewriter	4	280	-	-	4	280
Gas Pumps	2	45	-	-	2	45
Land	(1)	600	-	-	(1)	600
Building	1	1,153	-	-	1	1,153
Concealed Miscellaneous Property of Black-listed Firms	(1)	12,000	-	-	(1)	12,000
Clothing	-	295	-	-	-	295
Miscellaneous Property	-	339,924	-	4,000	-	343,924
TOTAL.....		$1,488,236		$46,005		$1,511,241

(1) Not given.
(2) Does not include quantity of tagua buttons recovered for the 1941 - 1944 fiscal years.
(3) Does not include value of films and film negatives recovered during the 1944 fiscal year.

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VI. ACCOMPLISHMENTS BY COUNTRIES (S U)

Our coverage in Latin America during the past fiscal year was by no means complete. This was due to several factors. Prior to the beginning of the fiscal year, in view of the uncertainty as to the continuance of the Bureau's SIS Program the number of personnel assigned to most of our offices had been reduced. b1

[redacted]

We immediately recalled all of our legal attaches with the exception of those in Buenos Aires, Argentina and Mexico City, Mexico. This meant the withdrawal of the majority of our experienced men. In addition, a program of gradual reduction of personnel was immediately put into effect. (S)

In view of this fact, it was decided, and our offices were given instructions, to concentrate on the coverage of Communist activities since those activities were the ones in which the Bureau was primarily interested. Until our offices closed we were able to maintain very good coverage in this particular field. (S U)

ARGENTINA (S U)

The Bureau closed its SIS office in Buenos Aires, Argentina on February 10, 1947. All personnel assigned to the office immediately returned to the Domestic Field. (S U)

The accomplishments of the Legal Attache in Argentina were impeded during the period under discussion by the bad relations existing between the United States and the Argentina Republic. The program of the repatriation of German agents from Argentina ended for all practical purposes prior to the beginning of this period. Although numerous efforts were made to secure repatriations on the basis of innumerable memoranda concerning the activities of individuals whose repatriation was sought, no success was enjoyed. The Legal Attache was able to keep the Ambassador informed in detail concerning the real attitude of the Argentina Government toward the German agents, which was quite different from that exhibited to United States authorities. Inability to secure repatriations was placed on the grounds that the Germans were entitled to legal process. At the time of this writing, most of the really dangerous agents are still in Argentina, although negotiations for their repatriation are still being carried on. (S U)

The Legal Attache continued to keep the Ambassador advised of ramifications in the political life in Argentina, developments and perfection of the so-called Peron five-year plan, and the de-Nazification of German schools and organizations. Some investigation was conducted of allegations that German technicians and munitions specialists were arriving in Argentina. Investigation failed to substantiate any allegations. (S U)

Personnel of the office of the Legal Attache and his informants covered the activities of exiles from Paraguay and Bolivia, who took refuge in Argentina. &U

The Legal Attache also furnished information to the Ambassador on Argentine efforts to conclude commercial treaties with Chile, Bolivia, and Peru, treaties which had for their purpose the gradual establishment of Argentine hegemony in the most southerly Latin American countries. &U

Communism

Finding that they could not defeat Juan Peron, Argentine Communists have generally ceased attacking him and have attempted to curry favor with his administration. As a result there have been few restrictions placed upon them and they have made significant strides in recent months. In June and July, 1946, Argentine Nationalists attacked and bombed Communists Party headquarters and the Communist daily newspaper but failed to deter the Communists appreciably. &U

From August 14 to 18, 1946, the Communist Party of Argentina held its 11th National Congress in Buenos Aires, attended by fraternal delegates from Communist Parties throughout Latin America. Our coverage indicates that the proceedings were dominated by the important Cuban Communist, Juan Marinello, and that Communist policy for the entire continent was promulgated there. &U

The Communist Party strengthened its control of European refugee groups during 1946 and virtually dictated the policies of the powerful Slav Union which had some 70,000 members. The Bureau's highly efficient Polish informant was of considerable assistance in coverage of these matters. By January, 1947, when the Party celebrated its 29th anniversary, it could draw crowds in Buenos Aires of 60,000 people and 40,000 persons in the Interior. &U

One of the first moves of the new Peron Administration was to recognize the Soviet Union on June 6, 1946. On August 31, 1946, the staff of the new Soviet Embassy arrived and shortly thereafter Bureau coverage revealed the Soviet Union was intensely interested in developing influence in Argentina, which it considered one of the most important posts in the Western Hemisphere for counteracting United States power. It was also found that the Embassy was closely associated with foreign Communist activities and offered full assistance to the Slav Union in Argentina. On December 6, 1946, Ambassador Zarubin proceeded to New York to confer with Foreign Minister Molotov regarding Soviet policy in Latin America. The Soviet Trade Mission, which had been in Argentina since April, 1946, remained until the spring of 1947, attempting to arrange commercial exchange between the Soviet Union, Argentina and Uruguay. Although some purchases were made, no trade agreement was consummated and the Trade Delegation returned to Moscow in March, 1947. &U

The increase in Communist and Soviet activities likewise brought a sharp upturn in allegations of espionage charges to be investigated by our Attache. Redoubled efforts were necessary to keep properly advised concerning Yuri Rashkovich, a Tass News Agency representative, who had been reported by various reliable informants as an intelligence agent. Anatole Gromov, who had performed espionage functions for the Soviet Embassy in Washington in connection with the Gregory Case, was assigned to Argentina briefly as Counselor of the Embassy but left hurriedly in November, 1946, after only about two months. (S) (U)

[redacted] who was also involved in the Gregory Case, remained in Argentina during 1946 and 1947 under Bureau observation. During that time he precipitated a severe disagreement with American Ambassador Messersmith when allegations were printed that Messersmith believed war between Russia and the United States to be inevitable. He was accused of having released this information to damage the position of Messersmith and the United States in Latin America. (S) (U) b7C

The Russian picture in Argentina was further complicated by the appearance of Polish and Bulgarian Commercial Missions in late 1946 and early 1947, and by attempts to set up Yugoslav and other Soviet dominated European missions in Buenos Aires. Added information concerning these activities was secured when in September, 1946, President Peron proposed to Ambassador Messersmith that Communist and Soviet information be exchanged between his country and our Embassy. A member of our office was designated to receive data from Argentine police sources. When SIS operations closed in Buenos Aires February 10, 1947, our Communist and Soviet coverage was at a high point of completeness and reliability. (S) (U)

BOLIVIA (S) (U)

The Bureau closed its SIS office in La Paz, Bolivia on March 3, 1947. Our Agent assigned there left that city on that date and returned to the United States. (S) (U)

The Legal Attache in La Paz, Bolivia, was able to keep the United States Ambassador informed of revolutionary developments in that country. Perhaps the most useful work performed by the Legal Attache there was during the very bloody Bolivian revolution of July 20-21, 1946. During the course of the revolution the only means of communication with the United States was the radio station of the Legal Attache. He transmitted messages for the State Department as well as the War and Navy Departments in addition to keeping up an accurate and useful reporting of developments as they occurred. (S) (U)

Information made available to the State Department by the Bureau and to the Bolivian Government by the Legal Attache through the Ambassador was instrumental in preventing Mikas Belmonte, prominent Bolivian citizen and a German agent during the war, from returning to the Western Hemisphere in January, 1947. He has since returned to Spain. ~~S~~ U

Communism

While the destitute condition of the miners and Indians in Bolivia presents a fertile field for leftist doctrines, no recognizable Communist group has yet arisen there. Hence SIS coverage continued to be directed toward those "leftists" who would be Communists if the Government would permit. ~~S~~ U

The pseudo-Communist Party of Bolivia, organized in January, 1946, by Luciano Duran Beger, was correctly labelled by our Legal Attache as a fabrication of the Villarroel administration intended to inject dissension in leftist ranks opposing it. The aptness of this conclusion was strikingly demonstrated when the spurious Party died with the fall of the Villarroel regime in July, 1946. ~~S~~ U

The death of Villarroel likewise brought a relaxation of repressive measures directed against the Leftist Revolutionary Party (PIR), a "Marxian Socialist" group which, although not Communist, does follow closely Communist organization and policies. Its increased activity was fully covered by the Bureau, as were the activities of its two principal leaders, Jose Antonio Arce and Ricardo Anaya Arce, who were exiles in Chile until their return to Bolivia July 27, 1946. We found that in Chile both were very close to Communist officials and that previously in the United States, Arze had been almost exclusively concerned with Communist doctrines. ~~S~~ U

Foreign Communist refugee operations in Bolivia diminished during late 1946 with the return to Europe of the principal leaders, but a new "Slav Union of Bolivia" arose under the refugee Communist, Julius Deutsch, and received propaganda from the Soviet Legation in Uruguay. Arce of the PIR was guest of honor at the opening of its new quarters in October, 1946. ~~S~~ U

Bolivia recognized Russia on April 18, 1945, but has made no move to exchange diplomats, mainly for lack of funds to maintain a mission and because of fear that a Soviet Mission in La Paz would further complicate the tense political situation. ~~S~~ U

BRAZIL ~~S~~ U

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The Bureau closed its SIS office in Rio de Janeiro, Brazil on January 30, 1947. This was the first SIS office to be closed.

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However we have retained an Agent in Brazil in the capacity of a Police Liaison Officer. This Agent has continued to function as Legal Attache in the American Embassy there. His contacts, in so far as anyone outside the Bureau is concerned are solely in Police Departments of Brazil and ostensibly have to do only with criminal matters. However through his police contacts and through voluntary efforts of former confidential informants he has managed to continue a thorough coverage of Communist activities. The United States Ambassador there still relies to a great extent upon our Police Liaison Agent to keep him informed on Communist activities in spite of the fact that this task has become the responsibility of the CIG representatives there. X U

The Legal Attache in Rio de Janeiro, Brazil, has always been extremely well informed. He was able to keep the Ambassador intimately informed of Argentine-Brazilian relations as a result of a most useful informant in the Argentine Embassy in Rio de Janeiro. He also had very close contact with prominent Brazilian politicians, including Octavio Mangabeira and through his contacts was able to report the complicated Brazilian political scene with dispatch and accuracy. In addition extensive work was done on the so-called Integralist Party and a comprehensive report on the activities of this formerly totalitarian group was prepared and distributed. X U

Information about developments in the field of radioactive materials in Brazil was secured as a result of the development of Boris Davidovitch as an informant. Davidovitch owns most of the Brazilian monasite (the principal radioactive substance known to exist in Brazil) X U

Through the Legal Attache it was possible to secure the expulsion of Irving Goodspeed, a fugitive, who was wanted by the Texas Police on charges of murder. The Legal Attache was particularly helpful in securing the return of Goodspeed to the United States in custody of Texas authorities for trial. X U

Communism

Because of the rapid increase in power and prestige, the activities of the Communist Party in the important country of Brazil have been of considerable interest to the United States Government. In line with this importance Bureau coverage of Communist matters in Brazil has been very complete, covering all phases of the Communist movement. This coverage has, in fact, been probably the most effective of any of the Bureau's operations in the Latin American Communist field. X U

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Developments during the past year have been rapid with the Party making great strides politically and the Dutra Government exercising every effort to restrict its growth short of actually declaring it illegal. In August, 1946, some violence resulted in Brazil from demonstrations against unsettled economic conditions. Police used this occasion to arrest a large number of Communist leaders, seize Communist files, and close certain Party offices and newspaper. Although these restrictive measurers were later lifted and the Communists released, the considerable information which came into the hands of the police through these "raids" became available to the Bureau through police sources. S U

The National Conference of the Communist Party of Brazil in July, 1946, which was attended by numerous important Communists from throughout Latin America was covered completely since it was a means for establishing Communist policy throughout Latin America in preparation for the equally important Congress to be held the next month in Argentina. S U

During the fall of 1946 our Communist coverage was primarily concerned with the efforts of the Party in Brazil to prepare for the January, 1947, State elections in Brazil. Although they were not successful in polling the one million votes they anticipated, the Communists did procure numerous important State positions when the other Parties under-estimated the Communists and failed to unite against them. This success further emphasized the necessity of keeping abreast of Communism in Brazil since some observers feared it might be the opening wedge for the institution of a Soviet State in Latin America. Information obtained by the Bureau revealed that such an occurrence is most unlikely as long as the present anti-Communist attitude of the Brazilian Government continues. S U

Aside from Communist Party activities, Bureau covera e was equally necessary in the labor field which is primarily Communist controlled, among the European groups, especially the Slavs, who are under Communist direction, and among the diplomatic missions of Soviet-dominated European countries which have recently been installed. The Soviet Embassy in Rio de Janeiro itself was installed in May, 1946, increased its activities during the year, and became especially interested in commercial negotiations which would divert from the United States many of the Brazilian products now purchased almost entirely by this country. S U

As in Argentina there were increased indications of intelligence activity especially in the Polish and Yugoslav Missions as well as the Communist Party of Brazil. Some 400 Communists were removed from various Brazilian Police Departments during the year and from the Armed Forces. One civilian employee of the War office was sentenced to six months in jail for releasing confidential files to Communist leaders. S U

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On May 8, 1947, the Communist Party of Brazil was outlawed by the Government there. Our Legal Attache accurately predicted this event by memorandum to the American Ambassador to Rio de Janeiro two weeks prior to its occurrence. As a matter of fact, a copy of this memorandum was received in the Bureau on the same day that the Party was outlawed. The Legal Attache, thereafter, prepared a comprehensive memorandum on the events which transpired immediately after the outlawing of the Party. He detailed the steps taken by the police of Brazil to put the Government Edict into effect, and called attention to the numerous problems involved when a large Party, such as this, is declared illegal. This memorandum was of considerable interest to the Bureau since it raised questions which might be encountered should a similar step be taken by the United States Government. S U

CANADA S

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CHILE S U

The Bureau's SIS Office in Santiago, Chile closed on February 24, 1947, and all personnel assigned to that country were withdrawn as of that date. S U

Other than the coverage of Communism to which our office devoted the major portion of its efforts, our Agents during the last half of 1946 and until the closing of our office in February devoted its attention to reporting on the turbulent political scene. The Embassy was kept fully informed by our office of the political activities of the various political groups prior to the Presidential election of October 24, 1946, and continued to report on these activities thereafter until our office closed. S U

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Communism

The Communist Party of Chile has been traditionally the most important on the South American continent and has to a great extent crystallized the policies of the other Communist Parties. The Bureau has given considerable attention to its operations, therefore, since it is an excellent example of a well-run and successful Communist organization. Through informants inside the Party, it has been possible to secure in advance accurate reports on proposed changes in policy, most of which in the last eighteen months have affected the United States and its foreign policy in some way. Attention has been afforded to the travels and contacts of Carlos Contreras Labarca and Juan Vargas Puebla, who have been the means of transmitting Communist political line and labor policy respectively from Chile to the other Communist Parties in South America. ~~S~~ U

The Communist Party of Chile supported Gabriel Gonzales Videla in the November, 1946, presidential election and as a result was allocated three cabinet posts in the new government. Information developed by the Bureau shortly thereafter revealed a considerable dissension between Gonzales Videla and the Communists and indicated that they might not be included in the Government more than six months. The truth of this information was demonstrated in the early spring of 1947 when the Communist participation in that Government terminated. ~~S~~ U

Chilean Communist control of the labor movement in that country suffered a setback during 1946 when the Communist and Socialist factions could not agree and the Confederation of Workers of Chile split into two groups. Through a top leader in the Socialist faction, the Bureau was kept fully informed on negotiations for reuniting the movement. ~~S~~ U

The commercial and political activities of the new Soviet Embassy were of interest but were not found to be as impressive as the importance of the country might indicate. Allegation were received that the Embassy was attempting to sell chemicals, camera equipment, farm machinery and arms from the Soviet occupied zone of Germany through former black-list firms in Chile. Similar indications were found in Argentina. In spite of the strength of Communism in Chile, the Embassy was not received with complete friendliness and the Chilean Embassy in Moscow during early 1947 complained that its relations with the Kremlin were not at all satisfactory. ~~S~~ U

COLOMBIA ~~S~~ U

The Bureau's SIS office in Bogota, Colombia was closed on March 17, 1947, and all our personnel were withdrawn from the country as of that date. ~~S~~ U

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Except for reporting on activities in the political field with first emphasis on Communist maneuvers, the efforts of our remaining personnel in Colombia were devoted to reporting on the complicated and difficult labor situation in the petroleum industry in Colombia. Through good informants we were able to keep the Embassy and the State Department well-informed on the latter. S U

Communism

With an active Communist Party and an extremely aggressive Soviet Legation, the coverage of Communist and related matters in Colombia has been given a high priority by the American Ambassador who delegated allsuch matters to our Legal Attache, forbidding other agencies of the Embassy from entering such investigations. The handling of this task was performed with such completeness that Ambassador Filey on several occasions complimented the Bureau on the thoroughness and accuracy of its coverage. Through a combination of circumstances, it was possible to secure more good informants within the Communist Party organization than in any other Latin American country. Some of these Spanish Communists have furnished some of the most significant information in the possession of the Bureau concerning the background and operations of the Communist Party in Spain. S U

It was learned during the National Congress of the Colombian Communist Party in June, 1946, that considerable dissension existed among the leaders of the Party who felt that it was not properly organized and that its poor financial condition could be attributed to the disinterest of certain key officials. During the same Congress plans were made to determine what members of the Party had military experience or connections in order that a plan could be set up for giving the rudiments of military training to all Party militants. Possibly in the same connection but somewhat later in 1946, evidence was discovered that the Communist Party of Colombia had prepared a plan of sabotage to be followed in the event of hostilities between the Soviet and the United States. These acts were apparently directed primarily at United States petroleum and business interests in Colombia. S U

Since May, 1946, the Communist Party has had substantial control over the Confederation of Workers of Colombia, including the highly important Petroleum Workers Union. Through informants close to the labor movement, Bureau coverage of this field has been excellent. Of particular interest was information disclosed during the extended petroleum strike of October and November, 1946, showing its Communist direction. Considerable evidence has also been disclosed showing participation of the Soviet Legation in Colombian labor affairs, particularly among petroleum workers. Evidently it has likewise been a source of Communist policy directives for the small countries adjoining Colombia. S U

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Operating under a conservative government, the Party has been observed closely by Colombian police, who, in December, 1946, began inquiries intending to prove collaboration between the Soviet Legation and Communists in that country. The Government requested the assistance of the American Ambassador who had been kept informed by the Bureau of all evidence of such collaboration. Circumstances of the Party became such in late 1946, that it was necessary to direct a letter to the Communist Party of Brazil, requesting financial aid. ~~S~~ U

At the time the SIS office in Bogota closed March 17, 1947, there was considerable resentment among the Colombian people against the Communists and the Soviet Legation because of alleged shabby treatment received by the Colombian Minister in Moscow and because of reputed efforts of Soviet officials to bribe members of the Colombian Government. ~~S~~ U

COSTA RICA ~~S~~ U

The office of the Legal Attache was closed in Costa Rica on August 15, 1946. No developments of note occurred prior to the closing of the office. ~~S~~ U

Communism

Bureau coverage of the Vanguardia Popular (Communist) Party of Costa Rica during the summer of 1946 revealed that it was working with Nicaraguan President Somoza. In return, it expected a free hand in organizing Nicaraguan labor according to the ideas of Communist leader, Manuel Mora of Costa Rica, and Vicente Lombardo Toledano of Mexico. Mora had conferred with Nicaraguan revolutionaries in Mexico in March, 1946, and maintained local liaison in Costa Rica through Ernesto Ludovico Carlos Rechnitzer, offering arms and men to assist an uprising. ~~S~~ U

Beginning in May, 1946, Costa Rican Communists began collecting small arms and ammunition, aided by Party funds and even assistance from Colonel Victor Carrillo, a Communist sympathizer on the staff of President Teodoro Picado. Picado, who feared his own government might be overthrown, counted on Communist help to repel it and was in turn almost completely dominated by them. ~~S~~ U

When the Bureau operations in Costa Rica ceased August 15, 1946, Manuel Mora and the Communists had a free hand in controlling the labor movement in that country. Their success in this field became apparent in December, 1946, when Vicente Lombardo Toledano held the important Conference of the Central Committee of the Confederation of Latin American Workers in San Jose. ~~S~~ U

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CUBA

The Bureau's SIS office in Havana, Cuba, was closed on April 14, 1947. [redacted] b1

[redacted] have retained one agent in Havana, however, in the capacity of Police Liaison Officer although he is continuing to function under the title of Legal Attache. In addition to his Police Liaison duties involving leads on criminal cases in which the Bureau is interested, he is reporting on the extremely important Communist Party of Cuba. This latter work is done on a strictly confidential basis and for the information of the Bureau only.

The office of the Legal Attache in Havana, Cuba, has always been extremely well-informed. As a result of this, the Legal Attache was able to keep the Embassy informed of political developments in the turbulent Cuban scene, especially those connected with the appointment of Abelardo Gomez-Gomes as Chief of Police and his subsequent dismissal and the activities of General Benitez and his satellites. Interest has been shown in the discovery of arms in the United States, probably destined for Cuba, under the custody of the Marsalis Construction Company.

In addition to considerable useful work on Selective Service and deserter cases, the Legal Attache has performed work in such cases as the Reactivation of the Capone Gang, the Interstate Machinery Corporation Case, (The Carsson-Kay Prosecution), and the activities and subsequent deportation of Lucy Luciano from Cuba.

Communism

The Communist Party in Cuba is undoubtedly the strongest and most influential Communist group in Latin America. It is financially secure, has powerful propaganda media in its newspapers, radio stations, and publishing houses, and has well-grounded Marxist leaders, who mold Communist policy in all the surrounding countries. It is in close touch with the Communist Party in the United States.

Bureau coverage of these activities has been most successful in spite of the fact that since December, 1945, the Communist group in Cuba has consistently and violently attacked the Bureau as a reactionary organization interfering in Latin American politics. The charges have had no basis in fact and revealed that apparently the Communist organization has been able to secure little information concerning the Bureau's SIS operations. Through excellent police and informant cooperation, the Bureau has received detailed information concerning all Party activities and meetings. Since the Communist Party of Cuba is perfectly legal, the Bureau has also secured access to registration forms showing exactly who are members of the Party.

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Detailed coverage has been given to the travels of Juan Marinello, Blas Roca, Nicholas Guillen, and other Cuban Communist leaders, who have traveled throughout Latin America, assisting the other Communist Parties in organization, policy, and financial matters. X U

Considerable attention has been afforded the Confederation of Workers of Cuba, which continues to be dominated by the Communist Party and which, through strike threats, has extorted large amounts of money from fearful Cuban industrialists. X U

The operations of the Soviet Legation in Havana have proved of considerable interest both to the Bureau and other agencies. In December, 1946, a new Charge d'Affaires arrived in Havana from Montevideo and apparently inaugurated a shakeup among Legation personnel. Since then almost the entire staff has been changed, although no appreciable changes in policy could be determined when SIS official operations closed April 14, 1947. It is of interest to note that in connection with difficulties experienced during a Soviet cultural exhibit in Havana, a Bureau informant reported that anti-Communist and anti-Soviet elements would use violence against the exhibit. Two days later a dynamite bomb exploded prematurely in the possession of a known anti-Communist leader in one of the rooms of the Cuban capitol building near the Soviet exhibit. The man confessed to police that he had been paid to place the bomb under a motion picture projector used in the exposition. X U

DOMINICAN REPUBLIC X U

The Bureau's SIS office in Ciudad Trujillo, Dominican Republic was closed on August 15, 1946, and our representative withdrawn from that country on that date. Between July 1, 1946, and August 15, 1946, the efforts of our representative there were devoted almost exclusively to coverage of Communist activities. X U

Communism

Although a Communist Party of questionable authenticity in the Dominican Republic failed in January, 1946, SIS operations showed that a group of Dominican students exiled in Colombia were receiving assistance from the Colombian Communist Party and even had a newspaper entitled "For Dominican Liberation," which followed Communist lines closely. X U

By the summer of 1946 Dominican President Trujillo, influenced by Communist and labor pressure against his restriction of political and worker activity, had concluded negotiations to have the Confederation of Workers of Cuba send representatives to organize a Dominican labor federation with his approval. On July 23, 1946, two Cuban Communist labor organizers and a deported Dominican revolutionary leader went to Ciudad Trujillo for that purpose. Their work had not been completed when SIS operations X U

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there ceased August 16, 1946. However, about the same time a Marxist Party known as the Popular Socialist Party and endorsed by the Cuban Communist Party (which has the same name), appeared apparently through the efforts of these same organizers. Its foundation was the Spanish Communist Manuel Trueba, some 35 Catalonian Communist refugees and 11 other remaining Spanish Communist exiles from the large group which originally entered the Dominican Republic about 1944 by paying a high price for visas. U

ECUADOR U

SIS operations in Ecuador ceased on March 12, 1947, with the closing of our office in Quito and the immediate withdrawal of all Bureau personnel. U

The Legal Attache in Quito was able to keep the Ambassador informed of developments among revolutionary elements in Ecuador. Except for the reporting of these political developments, no accomplishments of note took place during this period. U

Communism

During 1946 and early 1947 the Communist Party of Ecuador continued to be one of the weakest and most ineffective in the Western Hemisphere, according to Bureau coverage close to the Party. It had no newspaper or propaganda medium and depended on its control of labor for its existence. U

During July and August, 1946, it planned unsuccessfully to overthrow the Velasco-Ibarra Government and sought liberal and leftist coalition support, although only the Liberal-Radical Party responded. For their pains, several Communist including the labor leader, Pedro Saad, spent some time in jail. U

In September rumors were rife that the Soviet Government was negotiating in Colombia for fishing rights in the Ecuadoran-controlled Galapagos Islands, but the Ecuadoran Government vigorously denied their truth and our investigations failed to show any agreement had been reached. U

In October, 1946, a reliable Bureau informant in Ecuador revealed that the Communist Party had created a sabotage plan for use in the event of hostilities between the United States and Russia. It was to be directed principally against American interests and holdings. U

After several delays a National Communist Congress was held in Quito November 16, 1946, to perfect an underground organization to operate under any eventuality and handle international relationships. U

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EL SALVADOR (S U)

During the past fiscal year and until our office in San Salvador, El Salvador was closed on April 2, 1947, the Bureau maintained one Agent in that country. Since the closing of the office we have had no coverage in that country. (S U)

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in El Salvador pertinent to this report. (S U)

Communism

El Salvador recognized the Soviet Union April 21, 1945, but has made no effort to exchange Ministers. It has suppressed the Communist movement vigorously since 1931 and is one of the four Latin American countries which has no Communist Party. When a strike movement threatened in May, 1946, expulsion orders were issued for the Communist labor agitator, Fernando Antonio Santa Maria, and several other suspected Communists. When a general strike occurred in September, 1946, it was blamed by the government on Communists operating from Guatemala and Mexico, and some 75 persons were arrested or deported. (S U)

In recent months the Salvadoran Government has become increasingly concerned over alleged Communist penetration and through the State Department requested the assistance of [redacted] Bureau Agents in April, 1947, to cover Communist matters there. This request for Agents was declined. (S U)

ENGLAND (S U)

b1

The excellent liaison arrangement between our representative in London and the [redacted] as well as [redacted] has continued. In addition to routine inquiries concerning persons traveling between the United States and England, numerous cases within the Bureau's primary jurisdiction, including a number of Selective Service and Atomic Energy applicant cases have been handled by our office there. Excellent relations obtain in the field of exchange of information concerning Communist Activities and Russian Espionage. We furnish considerable data in this field to [redacted] and in return receive a wealth of valuable material. A Polish Informant of our office has contributed a great many reports of interest on Russia and her satellite countries particularly Poland. (S)

b1

A large volume of information has been received during the past year on the activities of Germans during the War, as developed by our London Office through contact with both [redacted] and the United States Army Intelligence representatives in Europe. (S U)

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FRANCE

The Bureau has continued to maintain representation in the American Embassy in Paris, France during the past year. Two agents were assigned there until April 10, 1947, when one was recalled.

An examination of correspondence had with our Paris Office in the past year shows that that office has handled a great variety of cases.

b7C

There was correspondence with the Paris Office on the [redacted] Selective Service Case, resulting in depositions being secured from an important witness. In addition, a photostat of an Affidavit of Support filed by [redacted] in Marseilles in 1938 was secured which had a bearing on the case.

b7C

In the Corby Case leads were covered in Paris concerning the whereabouts of Sam Carr, Russian espionage agent, who has been missing for some time. It was established that Carr telephoned the United States from Paris early in 1946.

b7D

Our Attache in Paris has kept in close contact with [redacted] and a confidential informant of the Bureau with the result that we have been continuously informed as to the negotiations carried out by the Spanish Republicans with Spanish Army Officers within Spain in an effort to bring about the overthrow of Franco. We have also kept informed through this source of the changes in the Spanish Republican Government in Exile.

b7C

We have learned that [redacted] a State Department official, has seen to it that the Bureau has received no information on French Communism received from the United States Embassy in Paris. Our Agent there is presently securing much of this information on an informal basis from the Embassy official charged with reporting on Communist matters in France. In addition, he is forwarding reports secured by the United States Military Attache and by [redacted] on Communism. [redacted]

b1

b1

Our office has been able to keep us advised of many suspicious individuals who have transited France on route to the United States. These include several suspected NKVD (MVD) Agents. A satisfactory liaison arrangement has been worked out with the French Police Authorities and with several of the continental

police organizations, such as the Netherlands Security Police and the Belgian Police Authorities. Our representative has been in close contact with Secretary Ducloux of the International Criminal Police Commission of which organization the Bureau has become a member. As a matter of fact, Attache Telford was designated to represent the Director at the annual General Meeting of this Organization in Paris in June. S U

HAITI S U

The SIS Office of the Bureau in Port au Prince was the last of our Latin American Offices to be closed. This closing occurred on April 28, 1947, and our representative there returned to the domestic field. S U

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Haiti pertinent to this report. S U

Communism

The existence of two separate Communist Parties in Haiti since the overthrow of the Lescot Government in January, 1946, has complicated the intelligence coverage of the Bureau in that country. However, through informants within both parties our Attache there has been able to keep the Embassy fully informed as to their operations and internal struggles. In a country having over a hundred small political groups, the two Communist Parties are of considerable importance as the two strongest and best organized Parties in the Republic. S U

One, the official Communist Party of Haiti, has supported the Estime Administration elected in August, 1946, and has a strong influence in labor circles. The other is the Popular Socialist Party which is better organized, has more able leadership and has greater support among other Western Hemisphere Communist Parties. S U

Through influence in the Haitian Senate, the former Party succeeded in getting passed a resolution favoring establishment of diplomatic relations with the USSR. This resolution was sent to the House of Deputies September 5, 1946, but there has since been no tangible result from its passage. S U

When the SIS office in Haiti closed April 29, 1947, Juste Constant, Secretary General of the Communist Party, had just resigned the month previously and all indications were that significant changes in the organization were underway. The Embassy in Port au Prince evinced considerable interest in our Attache's final reports. S U

HONDURAS (S) (U)

The Bureau's SIS office in Tegucigalpa, Honduras was closed on March 31, 1947, and our representative immediately withdrawn. (S) (U)

During the nine months of the past fiscal year when we had an Agent in that country, his efforts were directed entirely to the reporting of political developments with particular emphasis on Communist activity and possible revolutionary movements. (S) (U)

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Honduras pertinent to this report. (S) (U)

Communism

Communism continues to be suppressed in Honduras, and there is no known party organization. Through police contacts our Attache was kept advised of the activities of Francisca Hernandez and her husband, Rafael Ramirez Delgado, who operated the Libreria Ruben Dario, a bookstore distributing Communist and pro-Soviet literature. Information received from our domestic field and other Central American offices revealed that the exiled opposition movements against President Carias are willing to accept Communist support in ousting him but expect to "put them in their place" afterward if successful. (S) (U)

ITALY (S) (U)

The Bureau's Liaison Office in the American Embassy, Rome, Italy, was closed on September 15, 1946, and our representative there was withdrawn as of that date. This action was taken due to the lessening importance of maintaining coverage in Italy. (S) (U)

During the three months of the fiscal year when we had coverage in Italy we received from our office a number of reports on the activities of the important Italian Communist Party. (S) (U)

Our Agent there was also able to establish that the American racketeer, Charles "Lucky" Luciano was in Italy at that time. It was recalled that the latter made his way to Cuba subsequently and has recently been sent back to Italy by the Cuban Government. (S) (U)

b1

JAPAN (S) (U)

Our office in Tokyo, Japan was closed on August 30, 1946, and the two Bureau Agents assigned there returned to the Domestic Field. This step was taken in view of the fact that the [redacted] (S)

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In July, 1946, our Tokyo representative gave an interesting account of the Japanese Communist Party. This report reflected that the Japanese Communist Party is divided into 46 regions and 92 districts and was attempting to gain control of non-Communistic trade and agriculture organizations. This report also outlined propaganda, party skills, women's program, Young Communist League, party finances and party officials including Sanzo Nosaka, leader of the Japanese Communist Party. X U

Of particular interest to the FBI Laboratory, our Tokyo representatives forwarded a technical report concerning Japanese secret writing methods as well as one on secret inks. They also submitted a "Handbook on Japanese Military Forces" which describes Japanese ballistics. X U

Several reports were also submitted to the Bureau by our representatives in Japan regarding the Toa Renmei organization which is alleged to be a militaristic one opposed to the plans of the occupation of Japan. This organization was ordered abolished in January, 1946, but during the past quarter there were indications that its members, under various guises, were still active. X U

MEXICO X U

The SIS Office of the Bureau in Mexico City was closed on April 8, 1947, [redacted] b1

[redacted] However we opened a Police Liaison Office there on the same date, three of our Agents from the SIS Office remaining in Mexico City to operate this new office. We also have two Police Liaison Agents in Mexico City on special assignments. The latter two men are presently conducting a large Police School for approximately 800 members of the various Mexican Police Departments. This school is referred to in detail under the section of this report entitled POLICE LIAISON. X

The Legal Attache in Mexico has from time to time been obliged to report on the activities of political exiles from other countries domiciled in Mexico. In addition he furnished considerable information concerning the discovery of arms in Mexico in the custody of a Costa Rican named Arguello. Extensive information was furnished by the Legal Attache to the Embassy and to the Secret Service in connection with the visit of President Truman to Mexico in March, 1947. Numerous notorious hoodlums from the United States go to Mexico from time to time and their activities there provide extensive employment to the Legal Attache. There has been a certain amount of investigation in the matter X U

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entitled "The Reactivation of the Capone Gang," and inquiries were made in the Windsor Jewel Theft Case. Innumerable investigations were conducted and many are still pending in Selective Service, Deserter, WSTA and NSVTA matters. As a result of excellent contacts, the office of the Legal Attache in Mexico City frequently performs outstanding work. On May 8, 1947, the Legal Attache obtained considerable information on Cuban revolutionary activities during an interview of [redacted] These activities had significant United States ramifications. The report of this interview was furnished to the State Department. b7C

Communism

Our investigations have revealed that the Communist Party in Mexico no longer has the organization and influence that it once enjoyed. Its leaders have continually disagreed over personal matters as well as official policies and a large number of Communists have been expelled from the Party, oftentimes setting up small individual groups. The principal Communist coverage of the Bureau in Mexico has been concerned with the operation of the European refugee groups and with the activities of the important Confederation of Latin American Workers (CTAL) headed by Vicente Lombardo Toledano. During 1946 the more influential refugee leaders returned to Europe, and the Bureau was able to advise the State Department and military authorities of their Communist connections for their guidance in dealing with these individuals in areas under American control. Considerable evidence was developed, tying in these Communist refugee groups in Mexico with Communist front organizations in the United States, notably the Joint Anti-Fascist Refugee Committee and the Council for Pan-American Democracy.

In the labor field close coverage was afforded the internal difficulties of the Confederation of Workers of Mexico (CTM), which forms the basis for the Confederation of Workers of Latin America. During 1946, a group of expelled Communists under Valentin Campa attempted to wrest control from the Communist leaders who have traditionally headed the CTM. When they were unable to do this at the CTM Conference of March, 1947, they broke away and formed a separate labor group. These developments were of extreme interest since loss of control of CTM by the Communists would seriously affect the prestige of Lombardo Toledano.

Coverage of Lombardo Toledano himself has involved observation of his activities in Mexico, through an informant on his staff of bodyguards. Coverage has likewise been afforded to his varied trips to and through the United States as well as Latin America and Europe. Reports from throughout Latin America during 1946 indicated a strong movement headed by Socialist leaders and apparently aided by the American Federation of Labor to set

up a rival organization to the CTAL, which might seriously threaten the virtual labor dictatorship enjoyed by Lombardo. (S U)

Operations of the Soviet Embassy in Mexico, especially in the intelligence field, were a matter of primary interest to the Bureau since indications were that Mexico was probably the headquarters for the intelligence operations of Soviet agents and their assistants on the diplomatic staffs of Soviet-dominated Embassies. Because of its proximity to the United States, much of this activity was undoubtedly directed against this country. Several members of the diplomatic staff in the Soviet Embassy in Mexico were rather conclusively identified as operatives of the Soviet Secret Police. (S U)

Most interesting development during 1946 was the turning against the Soviet Union of Kirill Alexeev, former Assistant Commercial Counselor in Mexico. Alexeev was placed in contact with the Bureau in New York in November, 1946, and has furnished considerable information relative to Soviet operations in Mexico and elsewhere. (S U)

NICARAGUA (S U)

The Bureau's SIS office in Nicaragua was closed on March 27, 1947, and the Agent assigned there returned to the Domestic Field. (S U)

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Nicaragua pertinent to this report. (S U)

Communism

Bureau operations in Nicaragua rather clearly identified the Socialist Party in that country as the actual Communist organization there, recognized as such by Communist Parties elsewhere. It has opposed President Somoza but abstained from participating at all in the February 2, 1947, presidential election, being unable to secure concessions from either principal Party. We have found that politically, the Socialist Party is very weak, being unable to finance even a Party newspaper since December, 1946. (S U)

Its main strength lies in the Confederation of Workers of Nicaragua (CTN), an affiliate of Lombardo Toledano's Confederation of Workers of Latin America, which virtually controls it. As early as August, 1946, the CTN was making plans to influence the election, and on October 27, 1946, it assisted the Socialist Party in a mass meeting admitting belief in Marxist doctrines. (S U)

PANAMA S U

The Bureau's SIS Office in Panama was closed on July 31, 1946, when it was determined that the United States War Department would not agree to our office exercising jurisdiction similar to that of our other Latin American Offices. During the month of July there were no developments of a nature which should be recorded in this report. S U

PARAGUAY S U

The FBI office in Asuncion, Paraguay was closed on February 5, 1947, and our last remaining representative recalled as of that date. S U

The Legal Attache in Asuncion, Paraguay, furnished an outstanding example of political reporting in his prediction of the Paraguayan Revolution of June 11, 1946, and his almost "blow by blow" description of the developments in that Revolution. In addition to having prompt and accurate coverage, the Legal Attache in Asuncion had the only means of communication to Washington and he transmitted messages for State, War, and Navy as well as to the Bureau. The Legal Attache continued to keep the Ambassador intimately informed on the development of the revolutionary group which, at the present time, is waging a civil war in Paraguay against the Morinigo Government. The Legal Attache predicted the revolution and indicated that it would take the form of a civil war but the office of the Legal Attache had been closed prior to the actual outbreak of hostilities in that unhappy country. The office of the Legal Attache also kept the Ambassador informed of the activities of certain pertinent Paraguayan exiles. S U

Communism

Excellent coverage through informants and police liaison sources afforded the Bureau and interested agencies a striking picture of the tribulations of the Communist Party in Paraguay during its transition from deep suppression through legality and back to strict illegality in a period of months. S U

In July, 1946, we found that a decree of President Morinigo guaranteeing freedom of the press had brought forth a leftist labor paper and a Communist organ which had previously been entirely clandestine. S U

A decision of the Minister of Interior July 31 ratified by the Council of Ministers August 2, 1946, legalized the Communist Party and for a time eased our problem of observing its activities. During August, Communist exiles from Argentina, Brazil, and Uruguay streamed back into Asuncion and resumed operations. S U

They made the mistake of attacking the Hurtado Government and in September were punished by one month's suppression. By November they had recovered enough boldness to demand, unsuccessfully, that they be included in the Electoral Council. ✓

Opposition of the strong Colorado Party and allegations that Communists fired on police during an attempted uprising of January 12, 1947, brought plans to revoke the legality of the Communist Party. On January 17, 1947, the old law of 1936 outlawing it was reinvoked and at the closing of SIS operations February 5, 1947, extraordinary efforts were being exerted to eradicate all Communist roots from the country. Although it was accused of being instrumental in the March 7 uprising, all our evidence showed it must have been too weak by them to offer more than tacit support. ✓

PERU ✓

The SIS Office of the Bureau in Lima, Peru was closed on March 7, 1947, and our remaining personnel left there en route to the United States on that date. ✓ b7C

The office of the Legal Attache in Lima, Peru, has been in close touch for many years with [redacted], the [redacted] in Peru. The close relationship existing has enabled the Legal Attache to keep the Ambassador advised in a timely fashion of political developments. ✓

The Legal Attache was quite active in the investigation and repatriation of several Japanese, members of the Aikoku Doshi Kai. ✓

The assassination of Francisco Galsa Garland, editor of the Lima newspaper "La Prensa," in early January, 1947, provoked a Cabinet crisis in Peru. Numerous efforts were made by the Peruvian Government to secure the assistance of Bureau agents in identifying the assassins. Naturally the Bureau took no part in this purely domestic matter. ✓

Communism

The Vanguardia Socialista or Communist Party of Peru, while not one of the leading Parties in Latin America, has gained some 10,000 additional members in about two years, is of importance as a growing power, and has received thorough Bureau coverage. At its Second National Congress in March, 1946, the Chilean Communist leader, Carlos Contreras Labarca, warned them to be alert for a continental anti-Communist campaign, and the arrival of two Bureau Police Liaison Officers during the same month was denounced in the Communist press as the beginning of anti-democratic and anti-labor activity. ✓

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Despite this situation, our Attache was able to follow Communist matters closely through police contacts and informants without any indication that Bureau operations were known in any way to the Communists themselves. S U

During the Summer of 1946, the Bureau was concerned with Communist influenced labor agitation in the port of Callao, Peru, but in December, 1946, the Communists lost virtually all participation in the direction of the Confederation of Workers of Peru to the opposition Aprista or Socialist Party. After that time they had only one delegate on the Executive Board. S U

The Plenary Session of the Party in October, 1946, brought an internal shake-up with several officials losing their positions for refusal to follow the proper political line. At the closing of SIS in Lima March 7, 1947, their principal accomplishment had been the placing of the highly pro-Communist and pro-Soviet Jose Maria Quimper as a member of the Political Division of the United Nations Security Council from Peru. S U

PORTUGAL S U

On September 13, 1946, the Bureau's Liaison Office in the American Embassy, Lisbon, Portugal was closed and our Agent assigned there recalled to the Domestic Field. S U

There were a number of important Nazis in Portugal at the end of the War. Our office closely followed the repatriation to Germany of these people. The Allied Government had previously presented lists of several hundred of these Germans to the Portuguese Government with the request that they be repatriated to Germany as soon as possible. Many of the names on these lists had been secured from information in the files of our Lisbon representative. We were likewise kept informed of travel to this Hemisphere of all individuals of a questionable type. S U

SPAIN S U

The Office of the Legal Attache in Madrid, Spain established in April 1943 continues to furnish the Bureau with a wealth of information concerning the clandestine Communist Party in Spain, the efforts to overthrow Franco and the maneuvers of the Spanish Government to forestall such an eventuality. Our representative there enjoys close relations with the other intelligence units in the Embassy and with British Intelligence. At the present time plans are being perfected to receive through our Madrid Office intelligence information developed in Portugal by the British. S U

URUGUAY S U

On February 6, 1947, the Bureau closed its SIS Office in Montevideo, Uruguay. All of the Bureau personnel remaining there were recalled to the Domestic Field as of that date. S U

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The office of the Legal Attache at Montevideo, Uruguay, has been able to furnish information on political developments in Uruguay to the Ambassador. Moreover, investigations have been conducted of allegations that Argentine agents were present in Uruguay. SU

Communism

During summer and fall of 1946, SIS coverage of Communist and related activities in Uruguay was complicated by a considerable number of outside Communists who visited the country. In August, Marie-Claude Vaillant-Couturier, the French Communist Deputy, arrived for a tour to promote Communist women's organizations in Uruguay. The Cuban Communist poet, Nicholas Guillen, was likewise a visitor as were several other Latin American Communist leaders who passed through en route to the Argentine Communist Congress held in August. The Uruguayan delegate to the Congress was Rodney Arismendi, editor of the Communist daily newspaper, who had only recently returned from hiding in Argentina where he was sought on libel charges. SU

In the fall of 1946 all Communist efforts were directed toward the November 24 National Election. As a result of their heavy propaganda and their control of the General Union of Workers of Uruguay, they were able to elect a Senator, four Deputies, and two Montevideo City Councilmen. They polled about twice as many votes as in the 1942 election. SU

The Bureau continued to maintain coverage over the Spanish Communist Movement which, although diminished, was still active. The General Slav Union composed of European refugee groups was also of considerable interest because of its Communist and Soviet direction. Communist publishing houses, particularly Ediciones Pueblos Unides continued to unload Russian propaganda in the Spanish language upon the countries of Latin America. The General Union of Workers of Uruguay under the virtual dictatorship of its Communist Secretary General and five out of nine members of its Executive Committee caused some labor uprisings notably a railroad strike in November, 1946, and the Construction Workers Strike in January, 1947. Tear gas was necessary to stop demonstrations during the latter strike. SU

The Soviet Legation expanded its interests among the refugee Communist groups and in November the Soviet Minister was called to New York to confer with Foreign Minister Molotov on Soviet policy in Latin America. Several visits were made to Uruguay by the Soviet Trade Delegation in Argentina beginning June, 1946, for the purpose of arranging an exchange of Russian and Uruguayan products. General Ljubomir Ilich, a representative of the Soviet-dominated Tito Government in Yugoslavia, visited Uruguay in late 1946 to attempt an exchange of diplomatic representatives. Ilich, an intelligence representative in addition to his diplomatic duties, was observed closely by the Bureau during his visit. SU

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VENEZUELA (U)

The Bureau's SIS Office in Caracas, Venezuela was closed on March 20, 1947, and all of our personnel assigned there at that time immediately returned to the United States. (U)

The Legal Attache in Caracas was able to keep the Ambassador informed of the political situation in detail and reported the developments surrounding the abortive revolution of December 11, 1946. Considerable investigation has been conducted concerning the activities of Eleazar Lopez Contreras, former President of Venezuela, who has been reported for several months as the leader of an anticipated attempt to overthrow the Betancourt Government in Venezuela. In addition the Legal Attache has conducted inquiries in Trinidad and Netherlands West Indies. (U)

Communism

SIS coverage in Venezuela, until late 1946 in the Communist field, consisted primarily of following the activities of three separate dissident groups of Communists and the efforts of their leaders to merge the three groups into one Party. Our best information in this regard was received from an informant who, although not officially Communist, was on extremely intimate terms with most of the Communist leaders and had their confidence to such an extent that he was aware of all pertinent developments. It was learned during the summer of 1946 that the Soviet Embassy in Caracas was displeased with the divided nature of the Party and that some steps must be taken toward a unification. As a result a Communist leader from Cuba was sent to Venezuela to bring the three groups together, and in June resolutions were adopted calling for unification. This was accomplished at the important Congress held in Caracas in November, which was attended by the United States Communist, Joseph Starobin, and was covered completely by the Bureau. (U)

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The Soviet Embassy in Caracas, although relatively new, made plans during 1946 to secure intelligence information through Communist newspapermen in Venezuela. The Embassy was especially interested in the petroleum industry, which is also of great importance to the United States. The Bureau was fortunate in securing the services of [redacted] in Caracas as a Communist and Soviet informant. This informant was given employment [redacted] for the new Soviet Embassy and was thus able to keep up with important developments. When the Bureau office in Caracas closed March 20, 1947, arrangements were made [redacted] this informant to Mexico, where it was expected he might secure similar employment in the Soviet Embassy. (U)

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From March, 1946, to the close of Bureau operations, coverage was maintained over Serge Karminsky, a former Soviet agent in Sweden, who was supposed to be dispatched to the United States but jumped ship in Venezuela. No evidence of intelligence activities there was developed but arrangements were perfected to have the Bureau advised should he proceed to this country.

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